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NEWS SUMMARY

GENERAL

France faces deadline on lamb

The EEC Commission gave the French Government one day to declare unequivocally that it will lift its illegal curbs on lamb imports.

Otherwise, EEC Farm Commissioner Finn Olav Gundelach said, the Commission would consider further legal action.

He said that by violating EEC rules on free movement of goods, the French threatened to undermine one of the fundamental pillars of the Community. Back and Page 2; France and GATT, Page 7

French Minister found dead

French Labour Minister Robert Boulin widely tipped to succeed Raymond Barre as Prime Minister, was found dead in a pond in Rambouillet Forest, south of Paris.

Public Prosecutor in Versailles said an inquiry would be held, but the evidence pointed to suicide. Boulin left a note and an empty barbiturate bottle.

Rhodesia pressure

Government came under pressure to extend its two-month timetable for an interim government leading to elections in Rhodesia, when the Commonwealth Southern Africa committee met in London.

Economic inquiry

South African Government set up an inquiry into its economic strategy. Its priority will be to find solutions to problems stifling growth, including those caused by racial division. Back Page

IRA killing

Two IRA gunmen shot dead a part-time UDR member as he arrived for work in Dungannon, County Tyrone. Fred Irwin, father of five, was the tenth UDR member killed this year.

Korea clampdown

Powerful South Korean Central Intelligence Agency, responsible for internal security until its chief shot dead President Park Chung-Hee last week, was placed under military control. Page 4

Belvoir hostility

National Coal Board plans to mine 7m tonnes of coal a year for 70 years from the Vale of Belvoir, Leicestershire, ran into determined opposition on the first day of the public inquiry. Back Page; Editorial comment Page 24

Woodcock dies

Tributes poured in for George Woodcock, TUC general secretary from 1960 to 1969, who died in an Epsom hospital, aged 75. Obituary, Page 11

NF man guilty

National Front organiser Martin Webster, 36, was found guilty at Kingston Crown Court on two charges of inciting racial hatred. He was sentenced to six months' jail suspended for two years, and fined £150.

Rates move

Association of County Councils, which is Conservative-controlled, will firmly oppose Government plans to radically change the rate support grant system. Page 9

Briefly . . .

Trial of British businessman Richard Tarling on five charges under Singapore company law was adjourned to November 14 fnr a verdict. Page 4

Sir Barnes Wallis, inventor of the bouncing bomb used in the Second World War, died in hospital, aged 91.

BUSINESS

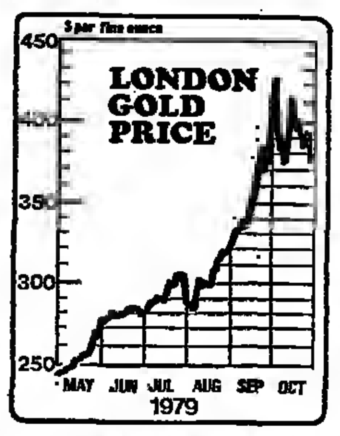
Equities off 7.7; Gold firmer

● EQUITIES fell on economic and industrial doubts and sterling fears, and the FT 30-share index closed 7.7 down at 439.1.

● GILTS lost early gains, and the Government Securities index fell 0.16 to 69.17.

● STERLING weakened to close 2.75 cents down at \$2.0685, and its trade-weighted index fell to 66.6 (67.5). The dollar's index rose to 87.1 (86.9).

● GOLD showed a firmer trend in London, and rose \$5 to close at the day's high of \$379.



● WALL STREET was up 7.76 at 816.38 near the close.

● U.S. TRADE deficit widened \$500m further last month to \$2.83bn, the Commerce Department reported.

● U.S. INDEX of leading economic indicators rose 0.5 per cent last month, its largest monthly gain since April 1978. Page 6

● UK EXPORTS to West Germany rose by 40.2 per cent in the first eight months of the year, mainly because of North Sea oil sales. Page 7

● SCOTTISH Development Agency lost £1.58m last year on its company investments, a sector in which its activities are to be curtailed by new Government guidelines. Back Page and News Analysis, Page 9

● NORTHROP and McDonnell Douglas, the aerospace manufacturers, are engaged in a legal battle over the terms of their partnership in the production of the F-18 Hornet fighter. Page 7

● TOZER, Kemsley and Millbourn, the finance and investment group with large automotive interests, is bidding nearly £26m for Wadham Stringer, the vehicle distributor.

● LASMO unveiled the terms of its agreed share offer for Oil Exploration, and said that success was virtually assured. Page 28 and Lex

● AEUW's Left-wing assistant general secretary Bob Wright accused the union's leadership of failing to respond to the challenge of the national engineering dispute, signalling an attempt by the Left to regain presidency. Back Page

COMPANIES

● CHRYSLER U.K. lost £17.43m in the first half of this year, and the company said that strikes, which halted all car assembly for two months will "seriously affect the results for the full year." Back Page; "No recall" at Vauxhall's Ellesmere plant, Page 11

● REED INTERNATIONAL raised pre-tax profits in the second quarter from £18.6m to £23.6m giving a total for the six months to September 30 of £50.1m against £40.1m in the same period last year. Page 26 and Lex

● HARRISONS & CROSFIELD, the plantations, chemicals and industrial, timber and general trading group, raised first-half pre-tax profits from a restated £22.84m to £26.85m on tunover of £300m (£302m). Page 27

● J. HEPWORTH & SON, the tailnr, reports a 26 per cent rise in pre-tax profits for the year to August 31 fom £5.23m to £6.6m on turnover excluding VAT of £51.33m (£42.62m). Page 26

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Appleyard	70	+ 5
Harris Queensway	320	+ 6
Phoenix Timber	157	+ 7
Ward White	81	+ 4
Zenith Carburetter	81	+ 5
Con. Gld. Flds. Aust.	305	+ 35
Gld. Flds. S. Africa	£21	+ ½
Kloof Gold	864	+ 67
President Brand	£11¼	+ ½
Vaal Reefs	£17¾	+ ¾

FALLS

Excheq. 3pc 1984	£73¾	− ½
Trnsprt. 3pc 78-88	£61⅞	− ⅝
Barclays Bank	395	− 10
Beecham	130	− 7
Belhaven Brewery	33	− 3
Bell (A.)	184	− 4
Burton A	230	− 16
Decca A	313	− 16
Furness Withy	247	− 5
GEC	322	− 9
Glaxo	423	− 17
Grand Met.	139	− 4
ICI	335	− 7
Intnl. Timber	104	− 4
Lloyds Bank	288	− 10
Mallinson-Denny	53	− 4½
Vickers	120	− 6

CBI predicts sharp drop in company profitability in 1980

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A sharp decline in business confidence in the past four months was reported yesterday by the Confederation of British Industry, which warned that the downturn in corporate profitability next year is likely to be more serious than had been expected.

Almost all the major indicators of industrial activity in the CBI's quarterly trends survey published yesterday show worse results than earlier this year. The impact of prices on exports was the worst reported since 1964.

In its economic situation report accompanying the survey the CBI forecasts that profitability of industrial and commercial companies, excluding North Sea activities, is likely to fall from 4.8 per cent in 1978 to below 3 per cent this year, and less than 2 per cent next year.

This is the first time that the CBI has predicted such a low level for next year.

It prompted Sir Ray Pennock, a deputy chairman of ICI, who is chairman of the CBI economic situation committee, to say "I think it's time that British industry got its finger out, and got the real economic message about real profitability out to management and unions, who together have got to do something about it."

The overall survey results, the most gloomy for some years, prompted Labour leaders in the Commons to taunt Mrs. Margaret Thatcher about the slump in business optimism so soon after the General Election.

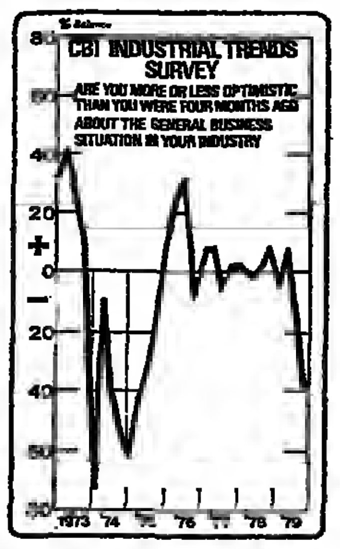
She deflected the points by blaming unions for being the "greatest deterrent to increased prosperity" and added that the engineering strikes had affected the survey.

CBI leaders are aware of the apparent contradiction of the decline in confidence at a time when the Government is introducing policies long demanded by industrialists.

This is reflected in the fact that, unlike the pattern for the past five years, the CBI has attached no demands for changes in Government policy to the survey report—although it would like interest rates reduced when this is consistent with tight monetary policy.

"Industry now has the freedom for which it has asked. The Government is playing its part, and trade and industry and management and unions must now get the message across," said Sir Ray.

This indicates the line that CBI leaders will take at their annual conference next week in Birmingham, and at a special debate on Britain's economic future to be staged in the National Economic Development Council early in December.



In an attempt to qualify the survey results the CBI said that many poor results on matters such as investment intentions, output and exports had been at least partially expected, and were affected by wider economic trends.

The latest movements in sterling will have helped exporters. The survey points to a slight slowing in rate of price increases by UK manufacturers compared with the middle of the year.

Parliament Page 12 ● Details of report Page 15

'No bank loans for Chrysler without U.S. State aid'

BY STEWART FLEMING IN WASHINGTON AND IAN HARGREAVES IN NEW YORK

CHRYSLER, the troubled U.S. car company, will receive no further loans from bankers in the absence of government aid, according to Mr. John McGillicuddy, chairman of Manufacturers Hanover Trust, one of the largest of the company's bank creditors.

Appearing before the House of Representatives Banking Committee in Washington, Mr. McGillicuddy, who heads the fourth largest bank in New York, said the company was already in breach of certain conditions attached to loan agreements with its bank creditors, because of the parlous state of its finances.

While the major U.S. banks are taking no action for the present on the breaking of these conditions, many foreign banks are using this as an excuse not to get involved in further financing for the company.

Additional loans, said Mr. McGillicuddy, are beyond "the ability of the private sector" because of the amounts involved and the potential risks. The banks, he said, "have a full plate right now with respect to Chrysler Corporation."

He also questioned, implicitly, the adequacy of the \$750m of Government loan guarantees which Chrysler has asked for. The company was previously told that the Carter Administration could not countenance guarantees of \$1.2bn.

"I personally feel that \$750m is slim," he said, adding that a guarantee of \$1.2m is "a lot more reasonable."

Mr. McGillicuddy, who was unable to speak on behalf of Chrysler's international bank creditors numbering over 200, because of the divisions among them about what policy to adopt towards the company, also disclosed that the bankers are attempting to agree on terms for a \$900m line of credit for the financing arm of the company, Chrysler Financial.

The failure to reach agreement on this credit in spite of efforts stretching over two months and reductions in the size of the prospective line during that period reflects the unease among the banks about the overall Chrysler situation.

It also reflects the unwillingness of some of the company's bankers, particularly small U.S. banks and foreign banks, to participate in a Chrysler rescue.

The depth of Chrysler's problems, although well understood by the bankers, is only just beginning to be appreciated outside those intimately involved in the rescue efforts.

The operating loss of \$100m posted by General Motors in the

Continued on Back Page

Polygram to buy parts of Decca

BY CHRISTINE MOIR

DECCA'S classical record repertoire could soon be absorbed by Polygram, the German Siemens/Philips joint venture which already encompasses the Deutsche Grammophon, Philips and Mercury labels.

Sir Edward Lewis, chairman of Decca, told yesterday's annual meeting that outline agreement had already been reached with Polygram for the cash acquisition of "certain of the recording and music publishing activities of the Decca Group in the UK and overseas."

Terms will be announced at an early date and put to Decca's shareholders before the end of the year.

Neither company would give details of the transaction—presumably in an attempt to avoid the embarrassment suffered by EMI in September when the much publicised £70m sale of half its music business to Paramount Pictures collapsed.

Polygram, which had a turnover of DM 2.3bn (£600m) in 1978, would only say that the deal was substantial but did not include Decca's share of TELDEC, the joint venture with Telefunken.

Sir Edward described the sale in terms of loss elimination. The record and music business lost £1.6m last year at the trading level, and losses are increasing. At its peak, in 1976, it made profits of perhaps £4.6m.

There would also be a "significant reduction" in group borrowings, he pointed out.

This process would be enhanced by a possible \$40m compensation in the next few months due from the U.S. Government for patent infringement.

The market's initial reaction to the news of the proposed sale was to mark the shares down 15p to 370p but by the end of the day they had made up all the ground and stood unchanged at 385p.

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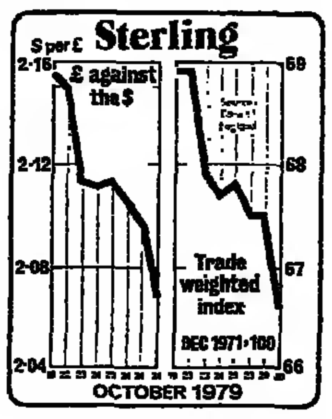
		Racing	22				

For latest Share Index 'phone 01-246 8026



Sterling in further sharp fall

By Peter Riddell, Economics Correspondent

STERLING FELL sharply yesterday against all other major currencies and there was a further rise in UK short-term interest rates.

Dealers said the renewed pressure reflected concern about cuts in North Sea oil production, inflation and especially the prospect for this winter's pay round.

This may have been coupled with some switching out of sterling as a direct result of the removal of exchange controls.

The pound was under pressure throughout most of the day and the Bank of England intervened from time to time to steady the rate, though there was no attempt to defend any particular level.

At one stage sterling was over 4½ cents down on the day at \$2.0525 following selling from New York. But the dollar later weakened and the pound closed 2¾ cents down at \$2.0685.

Sterling was also very weak against the main Continental currencies—dropping from DM3.80 to DM3.74. The trade-weighted index fell by 0.9 points to 66.6, its lowest level since mid-May, and 10 per cent lower than its four-year high in late July.

The trade-weighted index has dropped by 3.2 per cent since the announcement of the removal of exchange controls just over a week ago. About half the decline occurred immediately after the statement and the rest yesterday.

The generally unsettled conditions were matched in the money markets. Three-

Continued on Back Page
Money markets, Page 37

£ in New York

—	Oct. 29	Previous
Spot	\$2.0930-0940	\$2.1100-1110
1 month	0.25-0.30pre	0.20-0.25pre
3 months	0.35-0.40pre	0.35-0.40pre
12 months	0.25-0.40pre	0.25-0.40pre

U.S. call for tighter rules on reactors

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Jimmy Carter's commission into the nuclear reactor accident last March at Three Mile Island yesterday criticised both the electricity supply company's performance and Government safety regulatory bodies.

It recommended that each new licence to construct or operate a reactor should be granted individually, that the competence of nuclear plant operators should be checked thoroughly, and that stress around reactors should have proper emergency evacuation plans.

The inquiry did not call for a formal moratorium or a freeze on the licensing of new reactors in the U.S.

However, the decision of the 12-man commission not to recommend a licensing moratorium was not unanimous, and is likely to be contested by environmentalists.

While acknowledging the accident was the worst in U.S. history, the Kemeny Commission concluded that, in spite of serious damage to the plant, most of the radiation was contained.

The actual release would have a negligible effect on the physical health of individuals, the commission said. The major health effect of the accident was found to be mental stress.

The nuclear industry had hoped to free itself from case-by-case licensing in order to accelerate construction of new nuclear plant. But the recommendations of the commission, chaired by Mr. John Kemeny, if approved by President Carter, may well further delay new licence approvals.

The Nuclear Regulatory Commission already had a backlog of 25 construction permit applications and 37 operating licence requests. The report does not affect licensed reactors already in operation.

Streamline

The commission urged that the NRC, charged with ensuring reactor safety, should be reorganised into an executive agency with a single head and a streamlined chain of command.

Last spring, the NRC was widely criticised for tardiness in appreciating the seriousness of the reactor accident at Three Mile Island, Pennsylvania, and for the confused manner in which it handled the problem.

President Carter has said the Kemeny findings would have an important bearing on future development of nuclear power in the U.S. and that he would accept any reasonable recommendations it made.

There was no immediate reaction yesterday from the White House to the report. But Mr. Carter, who had remained notably guarded in his comments about nuclear power while the commission was sitting and who deliberately excluded nuclear development from his latest mid-July energy programme, is known to feel that without nuclear power, the U.S. cannot meet its own energy targets.

At present, the U.S. has 70 nuclear power reactors operating.

Implications

Foreign governments are closely studying the Kemeny report and its implications for their own nuclear programmes.

In Britain, the Central Electricity Generating Board wants to build a "demonstration" pressurised water reactor similar to the one built by Babcock and Wilcox at Three Mile Island, as the forerunner of a programme of PWRs.

The Three Mile Island accident was caused by a loss of cooling liquid to the reactor core, which then seriously overheated. More than 100,000 people were evacuated from the immediate area in the days after the accident, because of the apparent danger of escaping radiation.

The cost of repairing the plant and cleaning up the contamination is expected to run into hundreds of millions of dollars, and the process will take several years.

The plant belongs to Metropolitan-Edison, a company owned by General Public Utilities. The Kemeny Commission criticised the training of Met-Ed operators as "greatly deficient." They were not able to deal with the high-speed complexities of handling a reactor accident.

The NRC last week said it proposed to fine the company \$155,000, the maximum fine.

The NRC did not escape criticism in the Kemeny report, which said there was no integrated system for assuring nuclear safety within the regulatory commission. NRC standards allowed a shallow level of operator training, it said.

Since the accident, the NRC has stepped up its reactor inspection, putting more full-time resident inspectors into all Babcock and Wilcox PWR plants, and many others.

Fuel for the nuclear debate, Page 25

Spain's biggest union threatens tough line on wages

BY ROBERT GRAHAM IN MADRID

SPAIN'S LARGEST trade union, the Communist-controlled Confederation of Workers Commissions (CCOO), intends next year to ensure that pay awards take full account of inflation this year.

For the first time in many years, wages have not kept pace with inflation this year. Inflation is projected at 16-17 per cent, while average wage awards are estimated to be 13.9 per cent.

Nor is there any progress yet on topping-up pay in the second half to accommodate inflation. The Government has decreed a 1.7 per cent maximum increase above the initial 14 per cent ceiling, but this is contested by the unions, especially by the Confederation.

With the Government holding firm on this issue, however, and the Confederation unable to drum up sufficient support for a tough stance, it seems that the emphasis is being shifted to next year's negotiations.

Leaders of the CCOO have just carried out an extensive review of next year's platform, in which they insist on the need for wage increases to keep pace with the rise in 1979 consumer prices. They also want half-yearly wage indexation and a minimum monthly wage of Pta 30,000 (£210).

The Government has yet to reveal its pay strategy, but is unlikely to accept the Confederation's proposals.

Wages, howaver, will be only one part of the platform, according to Sr. Marcel Camacho, the CCOO leader. "Now our struggla must be not only over these (wage) claims, we must also fight against unemployment and the rights of workers which figure in the workers statute."

Few believe that unemployment will fall next year, but the union's leaders are anxious to prevent it rising. So tha union will press for more jobs, especially in the public sector, and try to ban overtime.

The Confederation is also looking for a 40-hour week, 30 days' holiday and earlier retirement at 63 or lower. It wants to expand the rights of works councils, and has undertaken to press for equal pay for women.

Much will depend on relations between the CCOO and the other main group, the Socialist-orientated General Workers Union (UGT). Tha Confederation claims that its members made up 32 per cent of plant negotiating committees this year. General Workers Union personnel, they say, accountad for 23 per cent, with most of the remainder being independent or representing small groups.

The UGT has embarked on a policy to establish its own identity and is refusing full co-operation with the Confederation. This is also reflected in Parliament where the Socialist Party has declined to present a united front with the Communists in negotiating the controversial workers statute.

Incentives to save energy 'needed to bridge research gap'

BY DAVID WHITE IN PARIS

FINANCIAL INCENTIVES for energy saving in the industrialised countries will be needed in order to bridge the gap until new conservation techniques come into their own.

Research and development projects on saving energy will only really begin to bear fruit in five to 20 years, according to Dr. Melvin Chingioli, U.S. chairman of an International Energy Agency (IEA) working party.

Speaking yesterday after a two-day meeting here of the working party, he accepted that the results of conservation research so far were "modest." But policy measures such as tax incentives and loan guranatees could bring immediate results, he said.

New projects are shortly to be launched to find ways of limiting energy use in several industrial sectors — iron and steel, pulp and paper and food processing. The IEA's work on conservation research has already begun, to tackle the cement industry.

Increased efforts are planned in the industrial sector, which accounts for 40 per cent of energy use.

Tha working party, which groups 17 countries, focussed its discussions on members' projects in three areas—building design, district heating systems and advanced electricity-generating technology.

In the building sector, it is hoped that improved methods of measuring anergy use will lead to new codes which lay down efficiancy standards.

USSR will cut forces 'within year'

HAMBURG—The Soviet Union will have unilaterally cut its troop strength in East Germany within a year, a Soviet general said in an interview published yesterday.

His prediction followed Soviet President Leonid Brezhnev's undertaking during 30th anniversary celebrations in East Berlin to withdraw 20,000 troops and 1,000 tanks from East Germany.

"The Soviet Government is prepared unilaterally to reduce its forces in Central Europe and without any pre-conditions," Gen. Vasily Resnichenko told the Hamburg-based weekly magazine Stern.

"The withdrawal of entire units is conceivable," and also a "reduction within units," Gen. Resnichenko said. He rejected suggestions that the tanks Mr. Brezhnev had offered to withdraw were "wrecks."

He rejected as without foundation NATO's claim that it needs to modernise its medium-range missile arsenal to re-establish the balance of power which was tilted in the Warsaw Pact's favour when the Soviet Union introduced SS-20 missiles.

"The Soviet Union is convinced that a nuclear war is best prevented if both sides reduce, and finally abandon altogether, their nuclear weapons," he said.

"As the SALT-II agreement with the U.S. limited intercontinental missiles, we wish to reduce medium-range rockets with a SALT-III agreement."

AP

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East Berlin attacks Genscher over detente

BY LESLIE COLITT IN BERLIN

EAST GERMANY has levelled a sharp attack at Herr Hans-Dietrich Genscher, the West German Foreign Minister and head of the Free Democratic party in the Bonn coalition, for "attempting to lay mines against detente," by appealing to Moscow to halt its production of medium-range nuclear missiles, aimed at Western Europe.

The attack on the West German Deputy Chancellor is the strongest by East Germany in months.

Herr Genscher, who was raised in Halle, in what is now East Germany, is a favourite target of the East Berlin Government and is regardad with suspicion by the Soviet Union.

An editorial in the East German Government oewspaper, Neues Deutschland, counts Herr Genscher among those people "who do not agree with the entire movement toward consolidating peace" and who has "put up a trip wire" by not accepting recent proposals made in East Berlin by Mr. Leonid Brezhnev, tha Soviet Presidant.

In a speecb on Sunday, Herr Genscher accused the Soviet Union of "unilaterally giving a twist to the arms apiral." He said the West would only have access to its first medium-range missilea in three to four years.

Herr Genscber was replying to remarks by Marshal Dimitri Ustinov, the Soviet Defence Minister, wbo thraatenad West Germany and other European NATO countries with harsh consequences if they allowed American Pershing II and cruise missiles to be stationed on their territory.

The East German newspaper said it could not believe Herr Genscber was "merely suffering from weak eyesight or bad hearing" in not recognising the Soviet leadar's Berlin speech as a "signal."

Herr Genscher . . . "rtying to lay mines."

Prasident Brezhnev had said be would pull out 20,000 Soviet soldiers and 1,000 tanks frnm East Germany, and would ha preparad to reduce medium-ranga nuclear missilea in tha western parts of the Soviat Union if no "additional madium-ranga nuclear maans are deployed in Western Europe.

Herr Ganscher said his Government had aaen aarly on the dangers posed to the balance of power by the all-out Soviet production of madium-range missiles.

Herr Genscher said Soviet attempts to "threaten and intimidata" the Wast and to "turn the alliance partners against eacb other" would fail while impairing tba climate for future negotiations.

Lamb bleat falls on deaf ears

By Christopher Parkes in Luxembourg

WHILE THE Ministers involved in yesterday's argumants here about a Common Market lamb policy had all ears tuned to tbeir grievancea, the crowd of 100 or so French sheep farmers who turned up with their bannars an hour after tha last minister bad left for home were sorely disappointed.

Undaunted by tha absanca of tha ministers, they unfurled their flags and shouted their protests. But there waa no ona in authority to hear. "Moutons Gallois — hrebis galeuses" (Walsh sbaap — black shaep) and other slogans drifted away unheard into tha thin mist.

Mr. John Cameron, president of the National Farmers' Union of Scotland, and Mr. Scott Jobnstone, tha general secretary, in Luxambonrg for a hriafing, had a nervous momant when they ware surrounded and harangued at some length about the wickedness of the British.

But compensation came in the form of a basket of wine, milk, potatoea and a sad-looking langoustine, originally intended fnr presentation tn the British minister. The demonstrators claimed that the basket's contents represented commoditias harred from the UK markets by the British Government.

Frustrated by the absence of more sympathetic ears, the farmers invaded the Kirschberg building and some made their way up the lifts, to the puzzlement of the hureaucrats working upstairs. And to the discomfort of the lady at the magazine kiosk in the foyer, those stranded nn the ground finor let off a smoke homb.

Spanish military advisers for Equatorial Guinea

BY OUR MADRID STAFF

SPAIN IS sending military advisers to its former African colony, Equatorial Guinea, on the request of the new Government there. Some 100 Moroccan troops are already helping maintain security, after being callad in shortly after the overthrow of the dictator Francisco Macias Navema in August.

Madrid's decision undarlines its interest in aiding tha country and in displaying higher profile in African affairs. A group of senior Guinean officials, including Sr. Salvador Ela, the deputy head of economic affairs, are in Spain being received at the highest level and King Juan Carlos is expected to visit the country next month.

These moves are promptad hy a sense of guilt at the devastation which this once relatively rich colony suffered after independence. The Spanish also appear anxious not to be upstaged hy the Franch, who have heen quick to move in.

Spanish businessman and officials are appalled at the state of the country. Plantations which once produced 49,000 tons of the finest cocoa in Africa cannot even prodnce a tenth of this now. There is no electricity and little sanitation, and labour for plantatinns presents a major hurdle.

Tha Spanish aee some hope for the economic future, despita great organisational difficulties. The rich fishing rights granted to the Soviet Union have been ended. Hispanoil, Spain's state oil concern is hnping to he given offshore nil exploration concessions in areas bellevad to contain hydrocarbons.

Economists break taboo on public criticism

BY OUR BERLIN CORRESPONDENT

EAST GERMAN economists are hreaking loog-standing taboos—with official permission—and publicly criticising the country's Industrial performance. No hlame, however, is being placed directly on industrial ministries or factory directors.

Articles which would have been unthinkable only six months ago are appearing daily in the main Communist newspaper, Neues Deutschland.

Despite clear signs six months ago that the economic indicators were sinking, only vague hints were given that something was amiss. East Germany was straining under the impact of higher prices for Soviet energy and raw materials. Thesa had reduced industrial growth to 3.2 par cent, instead of the planned 5.5 per cent, in tbe first half of this year.

East German Communist Party members are now being given some rara facts about economic problems. They are being told that 1,000 marks of fixed assets today produces a smaller increase in national income than it did in 1960.

This "ioadequate utilisation of fixed assets" is illustrated by the gap between some efficient enterprises and the many far less efficient ones.

The chemical engineering plant at Stassfurt is said to use its modern equipment 14.7 bours a day, while the chemical equipment plant at Fuerstenwalde, which belongs to the same Industrial trust, uses its equipment for only 8.9 hours

East Garmans are being told that only 20 per cent of fixad assets are "higbly productive," and that one main reason for low productivity is factories' reluctance to rationalise and reduce staff, and workers' unwillingness to do shift work.

Another East German economist explodes one of tbe most prevalent East German myths, that of "too little manpower."

He notes that 51 per cent of East Germans are employed, compared with 40.8 per cent of West Germans. The author notas that 37 per cent of East Germans work in service-related Industries, while the aquivalent figura for West Germany is 51 per cent and for the U.S. 66 per cent.

The conclusion is that too many East Germans are amployed in industry, and that "we do not have a lack of manpower hut, Instead, too much non-productive manpower."

Although the economist does not say so, few East Germans reading the article would fail to include among the non-productive the hundreds of thousands of border guards, transport policemen and full-time Communist and State trade union functionaries.

EEC aid for Kampuchea

LUXEMBOURG—The European Community has agreed in principle to give another $35m in relief to starving Kampucheans, more than doubling what it has already pledged. Mr. Michael O'Kennedy, the Irish Foreign Minister, said details still had to be settled about which part of the EEC hudget the money would come from.

A Community working group would go to Thailand to see what could be done to ease the burden of an influx there of more than 300,000 Kampuchean refugees.

Reuter

OVERSEAS NEWS

Margaret van Hattem, recently in West Africa, reports on the disappointment of the Lomé Convention, a new version of which is signed today

After the euphoria, a let-down for North-South co-operation

FIVE YEARS ago in Lomé, capital of the former German colony of Togo, the EEC and 46 developing countries signed what they thought was a breakthrough in Norih-South development co-operation. Both sides were euphoric over their achievement.

The EEC was showing the rest of the industrialised world bow to help the Third World develop on the basis of equal partnership. The African, Caribbean and Pacific (ACP) countries, who included many former colonies, had welded an artificial union into a successful co-operative effort and felt ready to take on the EEC countries as equal partners, free of all vestiges of the old colonial relationship.

The intervening years have brought small achievements and growing disillusion. When Ministers of the Nine and of the now 57 ACP countries reassemble in Lomé later today to sign the second five-year Lomé Convention, the atmospbere will he rather different from before.

No doubt many triumphant speeches will be made. Indeed, after the bitterness of the past 14 months of negotiation, the fact that the convention is being signed at all represents something of a triumph. Differences between the two sides threatened to undo the wbole package almost up to the last minute.

But nnderneath all the political broubaha—tha landatory speeches today and the recriminations which preceded them earlier this year—many signatories will be asking themaelves how much longer the convention can last, and whether the political experiment merits all the time and tronble in view of the very slender economic achievements.

The 1976-80 Lomé Convention was a $4.4bn package. It covered loans and grants for mainly rural development projects, a $400m fund (Stabex) to compensate for losses in export earnings from mainly agricultural prodncts, and trade concessions including free access for 99 per cent of mainly agricultural ACP products.

The convention formalised the inclusion of many former British colonies in a new relationship with the EEC Nioe, and succeeded the earlier Yaondé convention which linked the former Six witb newly independent, predominantly Francopbone African states.

After nearly four years of implementation, what is there to show? In concrete terms, not very much. Althongh tha overall volume of trade between the two groups has more than doubled, the ACP's $5.7bn trade surplus bas turned into a deficit. Stabex bas provided help for small countries such as Benin, Burundi and the Ivory Coast, but has done little for bigger countries with slightly more diversified economies and bas sometimes been too late to help—as with Sierra Leone's iron mine which was forced to close hefore the money arrived.

Of the $4bn set aside for aid projects, about a quarter of the money has been spent, mucb of it on preparatory studies. Tbe rest is tied up waiting for ACP Governments to formulate their proposals on how it should be spent, for tbe EEC to approve those that bave been submitted, or for ACP governments to implement those that have been approved.

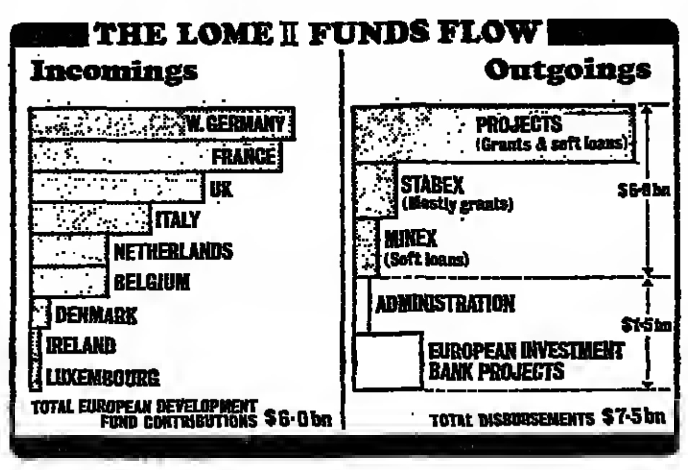
When negotiating for a successor agreement opened, the ACP started out determined to secure major changes to swing things more their way. They wanted bigger trade concessions, more help in developing their industries, and Stabex-type guarantees for their minerals as well as their agricultural products. Above all, they wanted the EEC to give them more say in running the convention.

As it turns out, the new convention is essentially an npdated version of its predecessor, whicb is wbat the EEC intended it to be, and is nnlikely to reverse the trends developed in the first fiva years.

Both sides recognise that the much-vaunted principle of equal partnership is proving almost impossible to put into practice. Tbe ACP feel that equality should allow them some freedom to make mistakes. The EEC feel the ACP cannot be trusted to use the money to the best advantage unless they are closely supervised, and that the cost of any ACP mistakes will be borne by the poorer rural population, not the richer urban administrators.

'It's not Brussels that holds us up. It's the Planning and Finance Ministers in their Savile Row suits.'

THE LOME II FUNDS FLOW



The result in practice has heen a system of extremely cumbersome procedures in whicb botb sides put forward ideas, submit proposals and draw up plans. This conforms with the principle of equal participation, but it also means money is released wben the EEC say so.

Sometimes this reaches ludicrous proportions. An Africa-based EEC delcgate complains that he cannot authorise purchase of a new truck for a farming project without reference to Brussels and a delay which could last months. But another defends the system: "In Africa, you can't just band out tbe money, because it tends to disappear without trace, and it's impossible to nail people down if they don't honour their commitments."

Some ACP officials say tbere ia an excessive amount of expensive preparatory researcb, though in this respect they allnw that the EEC is better than the World Bank. Chinese methods are pointed to approvingly. In Sierra Leone, for example, these have with minimum delay produced 11 identical farming projects. Each is a miniature Cbinese landscape with neat squares of finoded paddy field, tidy rows of beans and maize, and ox-drawn ploughs. All that is missing are the Chinese who, baving set up the project and trained local farmers to run it along strict Chinese lines, have disappeared.

"The Chinese are very difficult to work with," says the African manager of one such project. "They pretend not to understand Englisb, they come with their plans already drawn up in Cbina and they won't modify them at all. All the farms are exactly the same. But at least this cuts down the studies and reports—the farms are producing within a year of being started."

EEC representatives, on the other haod, occasionally complain that it is the ACP governments, not the EEC, that are obsessed with planning. "It's not Brussels that holds us up," says one, "it's the Planning and Finance Ministers in their Savile Row suits."

Even when the obstacles of procedure and planning are overcome, the practical problems of working together can sabotage the best intentions. Take, for example, a fisheries project in Freetown—not, as it happens, an EEC project but none the less typical of many.

In a small shipyard on the waterfront, a Danish company is helping to build three small trawlers for use in the embryonic Sierra Leone fishing industry. Sticking up from the seabed 30 yards away lie two similar trawlers. They sank not so long ago, having never been put to sea, because no one bothered to paint them or to oil the engines. The Danes suspect the new trawlers will meet a similar fate.

Meanwhile, a few miles offshore, a fleet of Russian trawlers is reported to be hauling fish under an agreement with the Sierra Leone government which requires them merely to pay licensing fees and to observe specified but unenforced quotas.

Who is to blame? The Europeans who supply equipment but don't stay on to get it running properly and teach the locals how to look after it? Or the Africans who don't make tha most of the help they get?

You get a different answer depending on which side you ask, and perbaps in the end it doesn't really matter who is to blame. The Danes are fulfilling their contract, for which they will presumably be paid. The Sierra Leone Government gets a relatively small amount of easy money from the Russians and is apparently content with it. Nothing has actually been developed and a lot of money has been wasted.

Similar tales are told of tractors rusting in garages because no one knows how to service them, or because mechanics cannot get spare parts.

Yet, on balance, those who work most closely with the Lomé Convention are anxious to give it a fair trial—which, they say, means at least 10 years. "It's not perfect, it's not even particularly good, but it's the best on offer," says one Brussels-based ACP ambassador.

"It's too glib to say that we're having no impact on this country," says the EEC man in the field. "I can't yet point it out to you, but it's all there in the pipeline. Give us a couple of years and we'll really have something to show you."

Feuding factions jockey for power in Iran

BY ANDREW WHITLEY

THE YOUNG men of south Tehran's revolutionary committees, the local security and morality enforcement organisations, are angry and bitter.

"Why do those in north Tehran (the wealthy, fashionable, residential area) earn Rials 15,000 (£100) a month, while we only get Rials 6,000?" one of them asked of a Western journalist in the Iranian capital last month.

The complaint echoed a long standing grievance of the Shah's day. The inequalities in Iranian society are graphically illustrated by the north-south divide across the sprawling capital.

The committeeman, a Khomeini zealot with a gun and an unfinished secondary education, had a point: for all the public stress on this having been a revolution for the deprived, privilege is apparently as deeply entrenched as ever.

Ayatollah Khomeini . . . battle for succession has started

The fancy villas of Tehran's northern suburbs, where formerly lived Western-suited industrialists and their jewelled ladies, are now occupied by powerful clerics. They are men whose names may have become familiar in Iran, if not abroad, over the past eight months but about whom very little is still known.

The committeeman, part of an era of revolutionary spontaneity and self-help now being brought to a close as the authorities tighten their grip on bodies outside their direct control, wondered why his counterpart in north Tehran should get paid so well, and have a uniform, while he had none.

Could it be that influence—that despised feature of the old regime—was still alive, but serving a different master?

His views, apparently shared by many other urban Iranians, were powerfully articulated earlier this week by the outgoing Health Minister, Dr. Kazem Sami, a man known for his uprightness and propriety.

"People see that their desires and ideals are not realised. No real change has taken place . . . exploitation still exists, people ask what is wrong," he wrote in a letter published in the local Press.

The revolution has long since lost its sense of unity, but while some argue that it has also lost its sense of direction, others firmly believe it is very much on course, albeit facing some temporary, and not unexpected, local difficulties.

Iranians holding the latter view are likely to be followers of the Islamic Republican Party (IRP), the political organisation closest to Ayatollah Khomeini and claiming an exclusive mandate from the religious leader. Its head, Ayatollah Beheshti, is described as Iran's *eminence grise* and is probably the most powerful individual in the country, after "The Imam" himself.

With the exception of the Azerbaijani leader, Ayatollah Shariat-Madari, and his 11m Turkish-speaking followers, none of the other competing factions has a local power base.

Within the administration, the dominant element is the so-called "Syrian group," bringing together Dr. Ibrahim Yazdi, the Foreign Minister, Dr. Mustafa Chamran, the Defence Minister, Mr. Sadeq Tabatabai, a Deputy Prime Minister and government spokesman, and Mr. Sadeq Ghotbzadeh, the head of the radio and television organisation. Before the revolution, each had close links with Lebanon, Syria and the Palestinians.

A lesser faction, but one with a capacity for troublemaking, is that orientated towards Libya. Its most notorious figure is Sheikh Mohammad Montazeri, known for his unusual travel arrangements to see Colonel Gaddafi by hijacking aircraft at Tehran airport. The faction reputedly has some support in the oilfields and may even be associated with the mysterious Forqan terrorist group, responsible in part for the prevailing atmosphere of insecurity and uncertainty in Tehran.

Prime Minister Bazargan's government will be replaced by early December if the timetable outlined by the Foreign Minister earlier this month goes to plan. The referendum on the new Islamic constitution now in its final stages of drafting, is to be followed swiftly by the election of an executive President and a legislature, and then the establishment of a permanent Government.

The emergence of distinct rival groups in the administration has been accompanied by personal vendettas and running feuds, owing nothing to ideological difference and much to the pursuit of power.

But while this internecine fighting must act as a haemorrage in the body of the Islamic Republic, the most serious challenge in the end may come from moderate clergy who do not favour Ayatollah Khomeini's controversial rule by theologians. Adverse reaction within the Council of Experts examining the constitution to those clauses promoting Ayatollah Khomeini to supreme, absolute status produced a fierce blast from the religious leader against "deviationists."

The unofficial and undeclared leader of this more pragmatic school is Ayatollah Shariat-Madari, the senior theologian overshadowed since the revolution. In the end, his tactics of playing the long game may prove successful.

OVERSEAS NEWS

FEDERAL AND STATE GOVERNMENTS INTRODUCE ANTI-STRIKE LEGISLATION

How Australia plans to curb the power of the unions

BY PATRICIA NEWBY IN CANBERRA

THE QUEENSLAND State Government in Australia this week took advantage of people's annoyance at being kept in the dark by a power strike by rushing its controversial Essential Services Bill through the State Parliament.

Anti-strike and anti-union feeling in Queensland, the country's second most populous state, was strong enough to spark rumours that Mr. John Bjelke-Petersen, the State Premier, would call a snap election on the issue of who is running Queensland—the unions or the State Government.

The Premier, whose aggressive style is suited to confrontationist politics, personally piloted the Essential Services Bill through parliament. "The unions must be made to realise that they cannot play ducks and drakes with the lives of people and their jobs," he declared.

His move comes at a time when the Federal Government in Canberra is also attempting to curb union power through legislative means. The State Government in Western Australia, too, has introduced penal legislation.

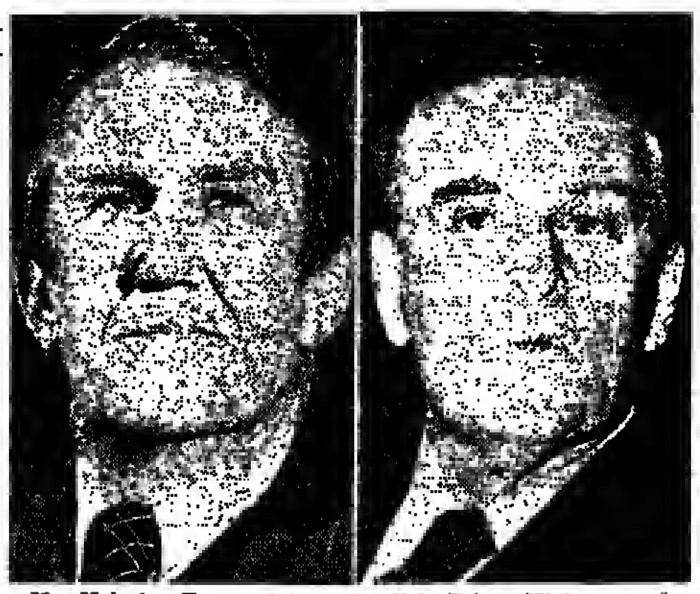
Queensland's new Act, which has yet to receive royal assent, provides heavy penalties against unions engaged in illegal strikes in essential industries such as power supply, petrol and food supplies and transport. Other industries and services may be declared "essential" later.

Unions in designated fields must give two weeks' notice of intent to strike. They can also be given 24 hours' notice to return to work under threat of dismissal and fines of A$1,000 (£500) for individuals and up to A$50,000 (£25,000) for unions.

Although the Bill was fought clause by clause by the Labour Opposition during two marathon sittings of the Queensland Parliament, union reaction has been low-key. A stop-work meeting involving all unions covered by the Queensland Trades and Labour Council (TLC) has been called for November 7, and Mr. Fred Whitby, the TLC Secretary said action would be considered then.

The Federal Government legislation, which is also awaiting royal assent, attempts to curb unions' power to strike by imposing heavy penalties on "illegal" industrial action. Western Australia's new State legislation against unions drops the time-honoured system of preferential right to employment for union members over non-union labour.

From a political point of view the moves by the three governments appear sound. Polls show there is a deeply-felt desire in the community for action to curb strikes: a recent Gallup survey showed that 74 per cent of Australians sampled said that when a strike caused great public inconvenience and the union concerned did not wait for or defied an arbitration commission judgment, the union should be compelled to pay a heavy penalty.


Mr. Malcolm Fraser, left, Australia's Prime Minister, and Mr. John Bjelke-Petersen, right, Prime Minister of Queensland, are both intent on putting an end to damaging strikes

"Union bashing" has become popular in conversation and in the media following crippling strikes earlier this year in the telecommunications and transport industries. But whether the moves taken by the Governments will actually reduce strike action is another matter.

Mr. Tony Street, the moderate Federal Minister for Industrial Relations, admitted recently that past experiences had shown that governments cannot prevent strikes by passing laws to prohibit them. "In a democracy people cannot be forced to work if they refuse to do so," he said.

The Federal Government's legislation, passed earlier this month, was in the form of amendments to the Conciliation and Arbitration Act. The main thrusts of these were to threaten unions that buck the system with more drastic sanctions, such as sequestration of their assets, and to make the Australian Arbitration Commission a more amenable tool for implementing wages policy.

Until now, the Arbitration Commission has had a relatively autonomous role in settling industrial disputes and in determining minimum wage levels to be paid for certain jobs.

Over the past few years the Federal Government has become increasingly frustrated in its economic policy planning by the independent actions of the Arbitration Commission — in granting wage rises higher than the Government feels is compatible with restraining inflation, for example.

Some of the Commission's procedures have been altered by the amendments, apparently with the intention of making it easier for the Government's view to be taken into account. But probably the most controversial parts of the new legislation are the penal provisions on unions which defy the Arbitration Commission.

A union may be "deregistered" if the full bench of the Arbitration Commission decides that industrial action "has had, is having, or may have a substantial adverse effect on the safety, health or welfare of the community or of part of the community."

Deregistration means that the union would not have access to the Arbitration Commission for settling industrial disputes and setting wages. Heavy fines, possible imprisonment of union officials and sequestration of union assets can follow.

Employers will also no longer be obliged to carry employees on their payrolls when there is no work for them because of a strike. The Arbitration Commission is enjoined to allow those workers to be stood down "as expeditiously as is appropriate."

Under amendments to the Social Services Act now before the Australian Senate, members of a union who are laid off because of industrial action by other members of their union will not be entitled to claim dole money.

The aim of these provisions seems to be to create a climate where workers might bring pressure on their colleagues not to strike because of the financial repercussions. Again, union reaction has been low-key, possibly because the new provisions are believed to be unworkable.

It is possible that the union movement is biding its time until confrontation arises over a specific case. Certainly it has been cynically suggested that confrontation is what Mr. Malcolm Fraser, the Prime Minister wants in order to strengthen the Liberal Party's chance of winning the next Federal election. This must be held before the end of next year.

Korean CIA put under military control

BY CHARLES SMITH IN SEOUL

THE POWERFUL Korean Central Intelligence Agency (KCIA), which was directly responsible to President Park Chung-hee for maintaining internal stability until its chief shot and killed the President last week, was yesterday placed under military control.

Gen. Lee Hee-song was appointed acting KCIA director (in succession to the President's assassin, Mr. Kim Jae-kyu). The appointment of retired army officers to head the KCIA is not unusual. In this instance, however, Gen. Lee will not be retiring. He takes up his post on secondment from the Army, and thus remains under the orders of Gen. Chung, the Army Chief of Staff.

The KCIA, whose manpower and budget have been closely guarded secrets, played a key role in maintaining internal security under the authoritarian President Park, but has had its authority challenged during the past year by the smaller, but highly influential, Presidential Security Service (whose chief was another victim of the Friday killing). Disputes between the KCIA and the Presidential Security Service centred on policy issues, with the KCIA advocating a flexible approach to popular demands for constitutional reform, and the Presidential Security Service taking a hard line.

The KCIA, understandably, has taken no part in the current investigations into the still mysterious circumstances of President Park's shooting. These are being conducted by the Joint Investigation Headquarters, set up under the Martial Law Administration. The Joint Investigation Headquarters yesterday allowed a second day to pass without issuing a further "interim report." It did, however, publish two photographs.

One showed Mr. Kim Jae-kyu, in prison clothes and handcuffs, undergoing what was said to be continuous interrogation by Martial Law officials. The other showed Mr. Kim Kae-won, the head of President Park's Secretariat, also undergoing questioning—but not as a prisoner. Mr. Kim Kae-won, "detained" last Saturday, was the sole survivor (apart from the assassin) in the room where President Park was killed.

Israel near agreement on Cabinet

By David Lennon in Tel Aviv

ONE THREAT to the Israeli Government appeared to ease yesterday as agreement seemed near on changes in the Cabinet of Mr. Menahem Begin, the Prime Minister.

The changes are expected to be announced formally on Sunday, but it seems certain that a new Finance Minister will be appointed and other Ministers reshuffled. No successor, however, has been found for Mr. Moshe Dayan, who resigned as Foreign Minister last week over policy differences on the Palestinian issue.

The Government still appears shaky, as it faces tough decisions over the question of Jewish settlement in the occupied West Bank, and a parliamentary vote soon on a controversial amendment to the abortion law, which had its first reading in the Knesset yesterday.

Mr. Yigael Hurvitz was due to be invited last night to serve as Finance Minister in the Cabinet, from which he has already resigned twice. The successful businessman first quit as Industry and Trade Minister in protest at Government overspending. After rejoining the Cabinet, he resigned again because he opposed the peace treaty with Egypt.

Mr. Hurvitz's re-entry to the Cabinet strengthens the hardliners, who are delighted by the resignation of Mr. Dayan, as he had opposed many of their plans for the occupied territories.

The Finance Minister-designate has promised tough measures to combat Israel's three-figure inflation and the worsening balance-of-payments deficit.

Mr. Begin has apparently decided to leave the appointment of a new Foreign Minister in abeyance for a few weeks. He now holds the portfolio himself.

India may make atom bomb

By K. K. Sharma in New Delhi

THE INDIAN Defence Minister, Mr. C. Subramaniam, announced yesterday that his country could be forced to manufacture nuclear weapons if Pakistan became a nuclear power.

India has had the capability to make such weapons since it exploded a nuclear device in May, 1974. Since then, however, the Government had always said nuclear energy would be used only for peaceful purposes.

Addressing the National Defence College, Mr. Subramaniam said India would face "certain difficult decisions in this area" in the coming decade.

He listed various factors to be taken into account and these amounted to a suggestion that India would be forced to make nuclear weapons, particularly if Pakistan became a nuclear power.

Other considerations listed by Mr. Subramaniam were: whether the "two super powers continue with their unbridled proliferation of nuclear weapons;" whether the other three nuclear powers (Britain, France and China) continue their programmes; and whether Israel is deprived of its nuclear weapons.

Mr. Subramaniam's speech is the first to state that certain conditions could force India to make nuclear weapons. "Certainly I shall not be naive enough to declare on behalf of all future generations that India will not make nuclear weapons," he said.

Obviously, the threat of a Pakistani atomic bomb has forced India's strategists to rethink all the issues, and it is significant that of all the factors listed by Mr. Subramaniam, the first is the possibility of Pakistan becoming a nuclear power.

He said the limitations on resort to the use of nuclear force which operate in a situation of nuclear "symmetry" might not operate in "asymmetrical situations" where only one side had the weapon.

Tarling has two-week wait for trial verdict

BY KATHRYN DAVIES IN SINGAPORE

THE COURT proceedings against Mr. Richard Tarling, the former Slater Walker director in Singapore, are finally over after 59 days. But he will have to wait a further two weeks before he knows the verdict.

The Judge, Mr. Justice Kulasekaram, has said that he will make his decision known on November 14.

Mr. Tarling faces five charges under Singapore's Companies Act that he, together with two other directors, failed to provide the shareholders of Haw Par Brothers International with a "true and fair" view of the company's affairs in 1972 and 1973.

Haw Par was a long-established Chinese pharmaceutical company whose most famous product was the cure-all ointment known as Tiger Balm. During the years in question, Slater Walker had a substantial stake in the company of which Tarling became chairman. Two other directors named in the charges—Mr. Donald Ogilvy-Watson and Mr. Ian Tamblyn—are believed to be living in the Irish Republic and Dubai respectively.

The technical nature of much of the evidence during the 13-week trial from expert accountancy witnesses has, on occasion, baffled everyone in the courtroom.

The latter stages were taken up with a 104-page submission by deputy Public Prosecutor, Mr. Tan Teo Yeow. Mr. Tan told the judge that the main question before the court was whether the directors of Haw Par succeeded in defeating the "true and fair" requirements of Singapore's Companies Act by the setting up of the Melbourne Unit Trust (MUT). According to the prosecution, the trust was set up to disguise the fact that in 1972 and 1973 the profits of Haw Par would have been seen to come from large dealing profits made by a subsidiary in Hong Kong.

The defence case is that the MUT was set up to avoid a false market in Haw Par shares which would have been created by reporting "extraordinary, non-recurring and adventitious profits" made by the Haw Par subsidiary.

Mr. Tan told the judge the court should retain the broad principles of Singapore's company law in order to check any deviation from them by company directors, auditors or accountants through the clever use of accounting practices to distort what should be shown in the accounts to shareholders, prospective shareholders and to the general investing public.

If convicted, Mr. Tarling faces a fine of £500 on each of the five charges or a jail sentence of two years.

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U.S. indicators show largest rise for 18 months

BY DAVID BELL IN WASHINGTON

THE INDEX of leading economic indicators, which is designed to help predict the future course of the U.S. economy, turned up again last month raising fresh questions about the extent to which the economy has slipped into recession.

The Commerce Department reported that the index rose 0.8 per cent last month to register the largest gain in a single month since April 1978. This compares with a revised 0.1 per cent rise in August and a fall of 0.3 per cent in July.

Some analysts were suggesting that yesterday's figures are further evidence that the recession has been delayed. They noted that the recent rise in interest rates haa yet to work its way through to the economic statistics and said that when it does the real state of the economy will begin to show through.

Mr. Charles Schultze, the President's chief economic adviser, said much the same thing in an interview earlier this week. "We are going to have further softness in the economy. It's like the case of the missing recession. It's out there somewhere, but you can't find it," he said.

The leading indicators index bas proved to ba highly volatile over the past 18 months and has haen subject to frequent revision. It groups 12 individual economic statistics, ranging from stock exchange prices to building permits. In September six of the 10 indicators available contributed to the increase.

These included the layoff rate, contracts and orders for new plant and equipment and building permits. The four indicators which fell were average work week, the number of companies reporting slower deliveries, the change in sensitive prices and the money supply.

The figures do nothing to resolve the debate about the underlying state of the economy. The accepted wisdom has been that the country has been drifting into recession since the second quarter of this year. This was supported by the 2.3 per cent drop in the real gross national product recorded in the second quarter.

But in the third quarter the economy rebonnded, growing by a surprisingly strong 2.4 per cent. Most Government economists still believe that the second qnarter figures are the most accurate sign of what is to come and there are those in the Carter Administration who wish the recession, if such it is, would come quickly.

Their fear is that if it is postponed until early next year it will coincide with the presidential primaries and thus make the handling of the economy even more of a key political issue than it is now.

ABN profit forecast

AMSTERDAM — Algenene Bank Nederland said yesterday that it seems probable that full-year net profit will not differ significantly from the Fr 271.2m ($135m) recommended for 1978.

The unrest surrounding the dollar and the effect of recent U.S. monetary measures on money and capital market rates in many countries make it difficult to make a well-founded forecast of 1979 results, the bank said

Blumenthal attacks Carter inflation policy

BY OUR WASHINGTON STAFF

MR. MICHAEL BLUMENTHAL, the former U.S. Treasury Secretary, has blamed the Carter Administration for failing to develop "a clear simple single economic philosophy" for fighting inflation.

In a private speech, details of which emerged this morning, Mr. Blumenthal also conceded that he had failed to understand the speed with which international financial markets respond to real or imagined developmants in Washington.

Ever-open market

Mr. Blumenthal who was dismissed by President Jimmy Carter last summer, said that "we did not appreciate early and fully enough the potential for trouble in the currency markets." Electronic communications had helped to create a market around the world which never really closed, and this had greatly complicated policy making.

The former Treasury Secretary said that failure to realise what was happening to the dollar had been one mistake. But more serious had been the "schizophrenia" within the Administration about how to manage the economy.

Diluted commitment

He said that the President's own commitment to reduce inflation had been dilnted by "liberals" within the Administration who fought hard to stop any increase in interest rates. This had resulted in an Administration which "temporised" with inflation and was not prepared to tackle it head on early enough.

In a gloomy assessment of the prospects for the U.S. economy, Mr. Blumenthal said that "the real problem was not a major slowdown but really an inbuilt endemic growing inflationary pressure."

He predicted that there would be "more pressure" on the dollar, higher interest rates "for many months to come," higher unemployment and a 1980 budget deficit closer to $50bn than the $40bn expected at present.

Stake in inflation

Worse still—and, he said, the administration had failed to understand this—the economy was now gripped by an inflationary psychology. "Americans have begun to believe in inflation and expect inflation and act so that they developed a stake in inflation," he said.

Alberta threat on oil price rises

BY VICTOR MACKIE IN OTTAWA

ALBERTA will set its own price for oil sold within Canada if it fails to reach a new agreement this winter with the federal Government, Premier Peter Lougheed told the Vancouver Board of Trada (Chamber of Commerce) on Monday night. If other provinces want oil they can buy it at that price or go elsewhere, he said.

Later he said that the price would be slightly below that ruling in the U.S. The American authorities intend to raise their oil prices to world levels in 1980.

In Ottawa, federal officials pointed out that Mr. Lougheed was invading the field of interprovincial trade, which is reserved to the Federal Government under the constitution.

Mr. William Davis, the Ontario Premier, has been lobbying the federal Government not to concede Alberta's demands for world prices for its oil. He said: "My guess is there will be an agreement this winter."

The key to the argument is that Ontario, the main consumer, wants the price of oil to rise as slowly as possible, whereas Alberta, the main producer, wants to move quickly.

The Federal Government is caught in the middle: for reasons of energy policy it wants the price in Canada to move up to world levels, which would also eliminate the subsidy it is paying on imported oil.

On the other hand the artificially low domestic price has helped to keep down the cost of living and Canadian industrial costs in an economically difficult time.

At present the domestic price is C$13.75 a barrel, which was to rise by $1 a barrel on January 1 and again on July 1. A possible compromise may be reached with increases of C$2 on each of those dates. That would bring the price to C$17.75 a barrel by mid-1980, equivalent to about U.S.$15, well below the OPEC price, let alone spot prices.

Israeli rebuke to Clark

BY OUR OTTAWA CORRESPONDENT

PRIME MINISTER Joe Clark's decision to reverse his election pledge to shift the Canadian embassy from Tel Aviv to Jerusalem brought a stern rebuke yesterday from Mr. Yeshayahu Anug, the Israeli ambassador.

The ambassador said that Canadian-Israeli relations risk being "undermined" if Arab threats swayed Canadian decisions. But Mr. Abdullah Abdullah, of the Arab League, hailed the move as "a positive step" that could lead Canada to re-examine its entire Middle East policy.

Both Mr. Pierre Trudeau, the Liberal leader, and Mr. Ed Broadbent, leader of the New Democratic Party, angrily accused Mr. Clark of damaging Canada's foreign image, business interests and the feelings of Arab and Israeli Canadians through "destructive policy flip-flops."

Mr. Trudeau said: "It was a partisan political move to gain votes and the price Canada has paid for this blunder is very high indeed."

Carter man resigns to aid Kennedy

By Jurek Martin, U.S. Editor, in Washington

Former Senator Dick Clark has resigned as the Carter Administration's Co-ordinator for Refugee Affairs to join the presidential campaign of Senator Edward Kennedy.

Mr. Clark was the pre-eminent Congressional expert on African affairs until he was defeated last year in his attempt to win re-election in the State of Iowa. He joined the State Department, with the rank of ambassador, earlier this year.

From a political standpoint his move is not entirely surprising. He enjoyed the reputation of being one of the Senate's most liberal members, with a clear ideological affinity to Senator Kennedy. However, on foreign policy, he worked closely and successfully with the Carter Administration.

One possible consequence of his switch will be to increase opposition to Mr. Kennedy's campaign by the powerful anti-abortion lobby. Conservative Catholic groups were instrumental in engineering Mr. Clark's electoral setback a year ago and are known to have reservations about Mr. Kennedy's qualified support for freedom of reproductive choice which, they believe, runs counter to the Senator's Catholic religion.

● AP adds from Washington: A 70,000-member Federal employees' union endorsed Senator Kennedy yesterday for the 1980 Democratic nomination, one day after the Senator established a campaign committee.

The independent National Treasury Employees' Union became the sixth union, and the first Federal Civil service group, to back Senator Kennedy's drive to unseat President Carter.

Another bank adopts 15¼% prime rate

BY DAVID LASCELLES IN NEW YORK

ANOTHER major bank, Bankers Trust of New York, pushed its prime rate up to 15¼ per cent yesterday, following the move initiated by Citibank last Friday. However, apart from three Chicago banks and a handful of regional banks, most institutions still have their prime rates pegged at 15 per cent.

The banks which are moving to higher rates appear to be those dependent on wholesale funds rather than customer deposits for their money. Chicago banks, which are only allowed one branch by state law, are notoriously dependent on the money markets, where interest rates have reached all time highs. Similarly, Bankers Trust recently pulled out of the retail banking business and now obtains its funds in the wholesale markets.

The Bankers Trust move came as the bond markets went into a second day of sharp decline, in anticipation of the Treasury's $8.75bn quarterly refinancing which began last night and will last until tomorrow.

The Fed also intervened in the Fed funds markets when funds were trading around 15¼ per cent. However, since this level is in the middle of the broad range at which Fed funds have been trading in the last two weeks, it appeared to be more of a market funding move than an attempt to steer rates downwards.

Bankers Trust's decision to follow Citibank increases the likelihood that a 15¼ per cent prime will become universal before long. However, Washington has been putting political pressure on the banks not to be too eager to raise their prime rates, and this appears to be having some effect.

In Washington yesterday Mr. Frederick Schultz, the Fed's vice-chairman, told a Congressional Committee that as the Fed's credit tightening measures bite, the problem for credit-worthy borrowers will not be the availability of funds so much as their cost.

Hostages in El Salvador freed as siege goes on

SAN SALVADOR — An extreme Left-wing group released more than 200 captives, but continued to hold three El Salvador cabinet ministers and other Government officials hostage following a day of street fighting on Monday in which at least 23 people were killed.

About 100 members of the Popular Revolutionary Front, who occupied the Labour and Economy Ministries last Wednesday, released most of their hostages on Monday night, Red Cross officials said.

But the Ministers of Labour, Economy and Planning were still being held as well as some 40 Government officials until the Government agreed to their demands for information about the fate of political prisoners, wage rises and a price freeze.

Bloody fighting broke out between security forces and leftists who tried to storm a newspaper office. After several hours of fighting, Red Cross officials said at least 23 bodies had been taken away, while a police official believed more than 30 people had been killed.

El Salvador's ruling civilian-military junta, which seized power from President Carlos Humberto Romero on October 15, said it was prepared to negotiate with the Revolutionary Front members.

Reuter

Caribbean island leaders eye Cuban ambitions

BY TONY COZIER IN BARBADOS

AT A recent press conference Mr. Henry Forde, the Barbados Foreign Minister, was asked whether he was afraid of Cuba. He replied rather unremarkably that Barbados' tradition of parliamentary democracy was too well established for it to be fearful of Cuban ideological influence. But the fact that the question was put at all was indicative of the political climate in the Commonwealth Caribbean these days.

The Radical Left, comprising mainly young university graduates for whom Cuban- rather than British-style socialism is goal, has made sweeping advances in the Eastern Caribbean in the past few months.

The New Jewel Movement, headed by Mr. Maurice Bishop, organised the military coup in Grenada to remove the autocratic administration of the former Prime Minister Sir Eric Gairy in March. The St. Lucia Labour Party, also leftist, routed the moderate government of Mr. John Compton, the Prime Minister, in elections in St. Lucia soon afterwards.

Motivating force

And if the Left wes not entirely responsible for the resignation in June of Mr. Patrick John, Premier of Dominica, it was certainly ooe of the motivating forces hehind the demise of yet another Right-leaning leader.

Despite Mr. Forde's confidence, there can be little doubt that neighbouring governments have been following these developments with keen and, in most cases, nervous interest. In several of the islands, strong and well-organised Left-wing groups, bolstered by the successes of their comrades in Grenada and St. Lucia, have emerged.

In St. Vincent, which has just become independent, the Yulimo Movement, headed by a dynamic young University of the West Indies lecturer, Dr. Ralph Gonsalves, is speaking confidently of winning the next general elections, scheduled for early next year, as part of an amalgamated United Peoples' Movement and replacing the long-standing government of Mr. Milton Cato.

The African Caribbean Liberation Movement has consistently barassed the Right-wing administration of Mr. Vere Bird, the Antiguan Premier. Its leader, Mr. Tim Hector, has spent more than one term in prison.

Within the fledgling St. Lucia Government, an internal power struggle has developed between the radical Mr. George Odlum, Deputy Prime Minister, and the more moderate Mr. Alan Louisy, the 67-year-old Prime Minister.

Many of the governments now feel their positions threatened. Some have placed bans on the entry of leaders of radical groups from one island to another. This is a tactic used even by a government as seemingly well-entrenched as that in Trinidad and Tobago, which has heen led for the past 23 years by Dr. Eric Williams, the scholarly Prime Minister.

In recent months the threat has moved closer and become more real. Cuba has had contacts with the Commonwealth Caribbean since the early 1970s but its presence was strong only in Jamaica and Guyana. Governments in the smaller islands in the Windwards and Leewards group could rest assured that it could he kept at arm's length.

Conspicuous Cubans

Now, however, Cubans have move conspicuously into Grenada, supplying doctors and dentists, experts in fisheries and agriculture and helping to reorganise an economy almost ruined by several years of maladministration under Mr. Gairey. Cubans will soon be in St. Lucia in similar capacities, at the invitation of the Government.

Of more concern to neighbouring islands is the military presence. Mr. Bishop maintains that Cuba had no hand in his revolution in Grenada, but Cuba has suhsequently supplied his Government with arms and ammunition. These weapons are said to he sophisticated and modern. Cuban personnel are also said to be involved in army training in Grenada, which must now be the most militarily powerful country in the Eastern Carihbean.

Mr. Maurice Bishop . . . aid from Cuba

This may not be saying much: othar countries are virtually defenceless, with little more than their police forces and small detachments of poorly-trained and ill-equipped soldiers as security. Some people wonder if there is anything to prevent a Left-wing opposition group in any of these countries organising a coup with the hacking of its friends in Grenada.

Since President Carter's policy statement earlier this month, the answer is apparently the permanent U.S. Task Force based in Florida. Mr. Carter said then that the U.S. would not fail to answer any call for help from any of its friends in the area.

In a recent address to the United Nations General Assembly, Mr. Forde said: "During the past year, contendiog super powers with their conflicting ideologies have opened up a new front in the Carihbean, intensifying the regional cold war, creating new tensions and increasing militarisation."

He asked that the people of sovereign countries "be left in peace to practise self-determination and to solve their national problems as they see fit." This may have been entirely genuine. But it was hardly realistic in light of current circumstances in the region.

WORLD TRADE NEWS

EEC Ministers fail to approve Tokyo Round

BY GILES MERRITT IN LUXEMBOURG

THE EEC Council of Ministers has failed to give important political approval to the Tokyo Ronnd of world trade liberalisation measures dne to come into force on January 1, 1980. Foreign Ministers of the Nine, meeting in Luxemhourg yesterday, decided instead to tackle the issue once again on November 20.

The EEC's failure to declare that ratification of the latest GATT package will not he long delayed now threatens to heighten U.S.-EEC trade tensions and could jeopardise settlements being reached on a numher of sensitive issues that incinde synthetic fihres, aircraft and special steels.

A fnrther risk is that the EEC Foreign Ministers' inability to signal their political guarantee for the Tokyo Ronnd could lesd to an unravelling of the complex multilateral trade agreement that took six years to negotiate and which was initialled last April hy the main industrialised countries. The U.S. in particular wanted the political gesture of an EEC Ministers' go-ahesd, for while it has formally accepted the new GATT psckage its own enabling legislation has been designed to rescind various trade concessions automatically if other nations fail to agree the package on schedule.

French Government objections on detailed aspects of the Tokyo Round are understood to have prevented agreement being reached yesterday. Mr. Cecil Parkinson, Minister of State at Britain's Department of Trade, said after the talks that an "overwhelming majority" of member States had urged that the GATT agreements should be approved. He warned that U.S. withdrawal of trade concessions could be triggered hy any EEC delay and commented of the Community's position: "If anyone's motives are open to doubt, it must now be ours."

The Council's inability to reassure the U.S. that the Community will have ratified the Tokyo Round before the end of this year unfortunately coincides with a number of simmering EEC-U.S. trade dispntes. EEC Foreign Ministers yesterday discussed the alarming inroads being made by U.S. synthetic fibres into Community markets, particularly the UK and Italy, and agreed to examine the possihility of retaliatory dnties at their November 20 meeting.

The UK has submitted that U.S. sales of polyester textile yarn hsve risen from negligihle quantities to take 21 per cent of the domestic market. This is largely attrihnted to U.S. price controls on oil and gas that contrihnte to American prodncers' enjoying a price advantage of up to 30 per cent. Italy is similarly hit by acrylic sales from the U.S. and is awaiting the outcome of snti-dumping investigations hy the Brussels Commission.

Viscount Etienne Davignon, EEC Industry Commissioner, bas been instructed by the Commission to undertake negotiations with the U.S. authorities next month, but has himself discounted the likelihood of obtaining voluntary restraint from the U.S. on synthetic fibre exports to the EEC.

Viscount Davignon is also to attempt to negotiate a special tariffs arrangement with the U.S. that would exempt an $80m sale of five Airbuses to Eastern Airlines from paying import duties of 5 per cent. The duties are due to be waived under the Tokyo Round agreements as of next year, but the aircraft are scheduled to be delivered by the European consortium Airbus Industrie during 1979. To gain the exemption the EEC is dne to offer comparable concessions on light aircraft parts and helicopters.

A further trade problem which is likely to be accentuated if the EEC's failure to give political approval of the GATT package sours trade relations with the U.S. is that of special steels. The Community's chances of negotiating a pact that might head off the expected wave of U.S. anti-dumping suits early next year against special steels producers, notably the British Steel Corporation, will be diminished by any delay to GATT implementation.

Montedison in £717m Soviet deal

By Paul Betts in Rome

MONTEDISON, the Milan-based chemical conglomerate, is now finalising a new medium- to long-term industrial co-operation deal with the Soviet Union thought to be worth some $1.5bn (£717m).

This emerged during a meeting yesterday between Montedison officials and Mr. Mikolai Patolichev, the Soviet Foreign Trade Minister. The Soviet Minister is currently on a five-day visit here during which a new economic collaboration deal between the two countries was signed at the weekend.

As far as Montedison is concerned its new agreement is expected to include the construction of a number of new chemical plants in the Soviet Union. Moreover, Montedison *yesterday signed a deal estimated* at some $20m for the sale of its pesticides to the Soviet Union. The contract is also understood to involve the purchase by Montedison of Soviet raw materials for the Italian company's fertiliser sector.

Over the past two years trade exchanges between Montedison and the Soviet Union have increased sharply. In 1978 they totalled L56.8bn ($31.76m). In the first nine months of this year they amounted to some L70bn ($30m), the company said yesterday.

Northrop sues partner over fighters

BY STEWART FLEMING IN NEW YORK

A LEGAL battle has broken out between aerospace manufacturers Northrop and McDonnell Douglas over the terms of their partnership in the production of the F-18 Hornet fighter aircraft.

The dispute could affect the outcome of a C$2.34bn Canadian Government order for 130 fighters. McDonnell Douglas and Northrop are competing fiercely with General Dynamics and its F-16 fighter for thst order.

Northrop has filed suit in Los Angeles asking a federal judge to prevent McDonnell Douglas from unilaterally offering foreign companies subcontract work on the aircraft which it had previously been agreed that Northrop would provide.

According to the Northrop complaint McDonnell Douglas has offered the Canadian "specific work in connection with the centre and aft fuselage" of the fighters the Canadian would order and on half the aircraft that would be built for all other customers.

The offers have been made in order to make the fighter a more attractive buy, particularly to foreign Governments, by creating additional work for their domestic companies.

Northrop says that it has agreed to allocate certain production work on the taircraf which could be purchased by the Canadian and bad offered to co-operate in the establishment ofr an export expansion programme for Canadian industry. But it claims that McDonnell Douglas has made additional offers without its anthorisation of consent.

McDonnell—Douglas says it intends to defend itself vigorously and does not believe the Northrop suit is justified.

Wolf Luetkens adds: The Canadian defence authorities want a decision by December 1 on a fighter to replace the aged CF-101s and CF-104s now in service in Canada and with NATO forces in Europe. The former Trudeau Government bad shortlisted besides the F-18a another aircraft, General Dynamics' F-16, and had insisted that whoever got the order would bave to farm out some of the work to Canadian aircraft manufacturers.

The new Conservative Government is sure to npbold that condition. But it is coming under pressure to postpone a choice of the fighter until it has had a chance to review military procurement plans at a whole.

Oil boosts British exports to W. Germany

BY GUY HAWTIN IN FRANKFURT

BRITAIN'S EXPORTS to West Germany have soared by 40.2 per cent during the first eight months of the year, but moch of the growth is accounted for by the Federal Repnhlic's increased reliance on British North Sea oil.

Shipments of oil rose hy 132 per cent dnring the period compared with the first eight months of 1978. They went up from DM 853.9m to DM 2bo (£521.7m), sccording to the German Statistical Office. This means that Britain now has an 11 per cent share of all West German oil imports, compared with 6.5 per cent during the same period of last year.

Britain's total sales in West Germany went np from *DM 7.7bn during the opening* eight months of 1978 to DM 10.8bn in the current year. But when crude oil sales are excluded from the figures, growth was lower at 28.6 per cent from DM 6.8bn to DM 8.8bn.

Sales of wholly manufactured goods increased hy 26.6 per cent from DM 5.1hn to DM 6.5bn. The steepest growth rate in this sector came in the finisbed goods category, wbere sales rose 27.7 per cent from DM 4.2bn to DM 5.3hn.

The fastest rate of growth in this category was in exports of ships and boats, which was up by 357.8 per cent from DM 30m in the *first eight months of 1978* to DM 137.5m.

British Department of Trade figures show trade up by 32.9 per cent during the period under review from £1.97bn to DM 2.62bn.

At the same time, West German exports to the UK were shown as growing by 31.6 per cent from £2.9bo to £3.8bn. Therefore, the surplus in West Germany's favonr increased from £916.8m to £1.18bn.

This discrepsncy in the two conntries' figures is partly explained by the fsct that both record exports free on board (fob) while imports are recorded at cost, insurance, *freight (cif)*.

Norway backs Benin oilfield

By Fay Gjester in Oslo

AFTER ALMOST a yesr's hesitstion, Norwsy has finally agreed to guarantee a loan of about NKr 480m (£44.7m) to help finance development of the Scmc oilfield off Benin.

The project, which has been planned by Saga Petroleum, and Kvaerner Engineering has been in the pipeline for more than a year.

Liberian shipping 'faces fight for its life'

BY WILLIAM HALL, SHIPPING CORRESPONDENT

LIBERIAN shipping is fighting for its life, Mr. Nicholas Lyras, chairman of the Liberian Shipowners Council, told the council's annual dinner in London last night.

The recent initiative by the United Nstions Conference for Trade and Development (UNCTAD) to phase out flags of convenience between 1981 and 1991 and the recent boycotting of ships from flags-of-convenience conntries by the International Transport Workers Federation were the two main issues worrying Liberian shipowners.

"I believe the whole principle of free enterprise in sbipping is at a crucial crossrosds," Mr. Lyras said. "It seems to me that the UNCTAD propossls are concerned less with the economic realities of commercial shipping than with political and boreaucrstic ambition. If international shipping were restructured without open registry fleets, the free world would suffer great economic disadvantage, and traditional maritime nations would be next in the line of fire."

UNCTAD bopes to phase out flags of convenience fleets and replace them with newly-formed shipping fleets from the developing countries over the next decade. Some 2,600 ships totalling 80m gross registered tonnes fly the Liberian flag, making it the world's largest merchant fleet. Shipping is Liberia's third most important source of income and as a result the country is the most vulnersble to the current UNCTAD initiatives.

Mr. Lyras also rebutted allegations by the Transport Workers Federation that crews of flags of convenience ships are "grossly underpaid and ill-treated."

Our foreign staff adds: The LSC may open its ranks to marine insurers, banks, port agents and similar allied interests in the shipping industry by offering them the status of associate members, a council official suggested yesterday. The idea, a possible two-way channel of expertise, is to be presented for debate at the Council's annual meeting.

Japan-UK trade rise seen

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A FORECAST that an increasingly wider range of Japanese industries will invest in the UK and in other parts of Europe was made by Lord Trenchard, Minister of State, Industry, last night.

Returning from a week-long visit to Japan organised by his department's Invest in Britain Bureau, Lord Trencbard said: "I think we shall get some surprises when we see which companies are coming." Interest had been expressed in joint ventures as well as direct investments.

Lord Trenchard would not say which industries be expected, hut said a wide range of different interests had attended conferences at which he had spoken during his visit.

"I think we shall find that the fields which are already famous, like television, microelectronics and motors will not he the only areas from which we sball draw investment."

But first, the UK had to persusde Japanese companies that industrial relations and productivity would improve.

"They wanted to be assured that we would not sson be having a major confrontation," he explained, adding that he had replied that the UK's bad industrial relations were concentrated in declining industries.

Recalling that in the past some Japanese companies such as Hitachi bad not been made immediately welcome in the UK, Lord Trenchard said: "*They appear to be much more* worried now abont industrial relations and productivity than about the risk of not being welcomed, although of course, they asked about that as well."

Honda, which is now negotiating a link-up wtih BL, was specially concerned about industrial relations and about the outcome of this week's ballot on BL's future.

China-U.S. bank pact

CHICAGO—First National Bank of Chicago has signed s co-operative agreement with China International Trust and Investment Corporation under which the Bank will work with U.S. and foreign companies to channel investment into the Chinese economy, Reuter reports.

Mr. Rong Yiren, China International Trust's chairman, told a Press conference that the agreement was the first to be signed by the Chinese with a foreign bank. He said the co-operative arrangement is not limited to joint ventures and will also inclnde 100 per cent foreign investments in China.

Mr. Rong said his delegation is also discussing a co-operative agreement with FMC Corporation while it is visiting Chicago. Mr. William J. McDonough, head of First National's worldwide banking department, said the Bank is prepared to arrange financing on commercial terms for companies interested in investment in China.

He said other subsidiaries of First Chicago may make a small investment of "seed money" for some projects.

In 1978 First National became the first U.S. Bank to form a correspondent relationship with the Bank of China.

● Mitsubishi, Mitsni and Marubeni, three of Japan's giant trading companies, have opened representative offices in Peking to hather information and help promote business activities, AP-DJ reports from Tokyo.

Concern over missile sites

By Michael Donne, Defence Correspondent

THE GOVERNMENT will pay special attention to the environmental problems involved in any decision to locate in this country part of the proposed NATO Ground-Launched Cruise Missile (GLCM) nuclear force.

This force has been planned for some time by NATO as part of the overall improvement of its nuclear deterrent capability, in the face of the growing Soviet nuclear missile build-up.

The plan provides for the installation of 108 U.S.-built Pershing-2 missiles and 464 GLCMs, all with nuclear warheads, in Western Europe. It is to be considered first by NATO Defence Ministers at The Hague in November, and then by both Defence and Foreign Ministers in Brussels in December.

The missiles will be paid for, owned and operated by the U.S. at a total cost of $3bn.

But some support costs, such as buildings and other installations, would be paid for by the NATO countries involved, which include the UK, West Germany, Italy, Belgium and Holland.

Whitehall has stressed that no decisions of any kind have been taken, either on the overall acceptability of the plan, or on the siting of the missiles if the plan is approved.

But contingency preparations have involved studies of how many missiles might be located in the UK.

The Ministry of Defence at present envisages only part of the GLCM force being located in the UK — perhaps one-third of the planned 464 missiles. These would be concentrated on existing U.S. Air Force bases where substantial numbers of nuclear-armed aircraft, such as F-111 bombers, have been stationed for some years.

The Government is anxious to ensure that any decision to base part of the GLCM force in the UK would not be regarded as a threat to the environment.

There seems little doubt that the UK, as a major member of NATO, will favour this form of bolstering the nuclear deterrent.

Scots site in doubt as Irish see Rockwell

BY ELAINE WILLIAMS

HOPES THAT a big microelectronics factory will be built in Scotland were thrown into doubt yesterday when it was learned that the Irish Development Agency in the Republic is negotiating for the same factory.

The new investment is by Rockwell International, the U.S. company, which has confirmed that it is looking for a site to expand in Europe. The plant will employ between 800 and 2,000.

Earlier this year the Scottish Development Agency and the Irish were engaged in a battle of subsidies for the favours of Mostek, another U.S. microelectronics company looking for a European base. After prolonged negotiations Mostek decided on Ireland.

Talks between Rockwell and Irish officials will start a week after similar discussions about locating the plant in Scotland.

Irish officials will show Rockwell sites in Dublin, Cork and Limerick owned by the agency and near universities which can provide the high technology expertise the company will need.

Rockwell will be invited to talk to other U.S. electronics companies such as Mostek and Analog Devices which have recently set up plant in Ireland.

Since talks were only of a general nature, the Irish Development Agency expects no indication of where Rockwell will put the plant until the New Year.

The agency said Rockwell might submit detailed project proposals to two or even three development agencies before making a final selection.

Rockwell is adamant that it is still a long way from choosing a site. The company said: "Rockwell is exploring the possibility of locating a microelectronics plant outside the U.S. However, no decision in the near term is expected."

The company admitted that it was having talks with several development authorities and had already discussed site availability with the Scottish Development Agency.

Last May Mr. Malcolm Northrup, vice-president of Rockwell's electronic devices division, met officials of the Department of Industry in London.

The Irish agency said that the investment could be between £10m and £30m, depending on the number of workers.

The Scottish Development Agency expects to conclude negotiations successfully with a U.S. company intwo or three months to set up a semi-conductor plant for a similar sum.

N.Sea seventh round soon

BY SUE CAMERON

THE GOVERNMENT is soon to announce the seventh round of licensing for exploration and production in the North Sea. But it now seems unlikely that a large number of new blocks will be offered to the oil companies.

Mr. David Howell, Energy Secretary, speaking at a London Oil Analysts Group dinner in London last night, said he believed the oil companies would find some of the blocks being offered in the seventh round interesting and attractive. It "should supplement rather than replace their existing efforts on current licences."

This is believed to be a strong hint that the Government will not be putting hundreds of new blocks on offer as has sometimes happened in the past, particularly in the early stages of North Sea developments. In the fourth round the total was 400.

While it was in opposition the Conservative Party attacked the last Labour government for failing to do more to encourage the exploration and development of the North Sea. It is therefore thought unlikely that the Government will include fewer blocks in the seventh round than the Labour government offered in the fifth and sixth rounds.

A total of 71 blocks was offered in the fifth licensing round in 1976-77 while 46 were offered in the sixth round last year.

Major bus policy shift coming

BY LISA WOOD

THE GOVERNMENT will make "startling changes" to policy on public bus services, Mr. Kenneth Clarke, Parliamentary Secretary to the Transport Minister, said yesterday.

Rural areas in particular should benefit from the new Transport Bill which will be published soon, he told a conference of Conservative district council leaders at Harrogate.

The Government had to lay down rules to ensure the safety of passenger vehicles and the bona fides of bus operators. But subject to that, there was no reason anyone should not be allowed to offer passengers a new bus service where needed, perhaps competing against an unsatisfactory existing one, he said.

Traffic commissioners would be obliged to issue licences to people who could operate a bus safely, except where objectors could prove it was not in the public interest.

The Government planned to abolish licensing restrictions on express and local services. "When counties agree with us that restrictions for stage carriage services are unnecessary in their areas, we will abolish all quantity licensing of any kind in zones to be called 'trial areas.'

"Even the big municipal operators will face the possibility of private operators offering new services along previously protected routes."

Chinese in deals with ITV and BBC

BY MAURICE SAMUELSON

ITV AND BBC announced breakthroughs yesterday in their relations with the Chinese broadcasting authorities.

ITV said it had sold its first programmes to China Central TV, the national network. They are two hour-long Survival Specials in Anglia's award-winning wildlife series.

Although the fees are believed to be only about £500 per programme, Mrs. Sally Greensted, the Survival sales executive, said the Chinese were considering long-term co-operation with Survival for more wildlife programmes.

The BBC said yesterday it had signed a declaration of co-operation with China for television and radio, enabling broadcasters to make programmes in one another's countries.

So far, China has bought no BBC programmes. But among BBC documentaries being considered for China are The World About Us, Horizon, The Fight against Slavery, and Sir Kenneth Clark's Civilisation series.

Meanwhile, a second French drinks company confirmed yesterday it is to advertise on Chinese television. The Pernod-Ricard group plans to promote Bisquit Cognac.

The company also hopes to hold the first western-style launching of its products at a reception in Canton in mid-November.

Auditing for small companies

THE accountancy bodies' Auditing Practices Committee has published a discussion paper on audits for small companies.

"Small Companies — The Need for Audit?", Publications Department, Institute of Chartered Accountants in England and Wales, P.O. Box 433, Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ.

Tax unemployment pay, says Consumer Council

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A PROPOSAL that unemployment benefits and some social security payments should be taxed, is made today in a discussion document published by the National Consumer Council.

The document is the second attempt by the state-financed council to present a coherent economic strategy based on the consumers' point of view.

Last year the council launched its first economic policy document to try to give it an effective voice in the formation of Government economic policy. The council sees itself as an important "third force" in economic debate with Government, presenting the consumers' point of view in the same way that the TUC and CBI represent organised labour and industry.

But this year's economic policy statement, to be debated at next March's consumer congress, has caused a split in the council. "Not all members of the council agree with all its conclusions," Mr. Michael Shanks, its chairman, points out in a foreword to the document.

But Mr. Shanks says: "If consumers are to be taken seriously by policy makers in our complex modern society, we have to be prepared to tackle—and be seen to be tackling—the crucial issues of national policy and the national allocation of resources."

Poverty trap

The tax proposals in the document are among the most controversial. They include the suggestion that "there should be a phased introduction of a 'beyond Beveridge' scheme to eliminate the poverty trap and a large part of the means benefit system."

The document says that scheme would involve raising tax thresholds to above supplementary benefit levels; raising national insurance benefits so they are comparable with supplementary benefits; relying on child benefits for the support of children; and taxing unemployment benefit "as soon as computerisation permits."

The document says the "illusion" of switching the tax system from direct taxes to indirect taxes.

The switch, announced in the June Budget might "provoke higher pay claims and exacerbate inflation, and it will hurt people on low incomes who will have to pay more tax on their spending but not get much benefit from income tax cuts."

The document says, both Parliament and the public need better information about costs and benefits of public spending.

The public services should have "suitable mechanisms for consumer consultation and, where appropriate, consumer participation in decision making."

The Consumer and the State, published by the National Consumer Council, 18, Queen Anne's Gate, London, SW1, price £1.

Insulation grants for council tenants

BY MAURICE SAMUELSON

GRANTS FOR insulating lofts are to be extended from private home owners to local authority tenants, the Government said yesterday.

Under the Homes Insulation Scheme which was introduced last year only private home owners could apply for the grant, worth 66 per cent of the cost of materials and labour, or £50, whichever is less.

Under the revised scheme all householders are eligible for grants to insulate lofts, hot and cold water tanks and pipes.

Mr. Geoffrey Finsberg, Parliamentary Secretary at the Environment Department, said yesterday that new measures had been introduced to help pensioners.

A national advertising campaign, beginning tomorrow, will be concentrated in the Midlands, East Anglia and the North-east, where the grant was not widely used last year.

The Environment Department said the offer of grants to council tenants was not meant to replace the money already available for local authorities to insulate homes. The amount available this year for grants to householders was £23.2m. This is in addition to the £28.5m available annually to local authorities from 1978-1982.

In the last financial year £12.3m was spent on insulating 205,400 homes. There are thought to be about 3m private and publicly owned homes with accessible lofts still without insulation.

Most will be dealt with under one of the two schemes over nine years. At the start of these programmes it was estimated that the insulation of 700,000 homes a year between 1978-88 would eventually save more than 1m tons of oil equivalent a year, worth about £100m a year.

● The National Home Enlargement Bureau has started a register to help house owners raise the funds required to extend their properties.

The move, carried out in conjunction with the British Insurance Brokers' Association, is intended to help house owners get advice on long-term finance particularly when a building society is unable to extend an existing mortgage.

'The value of natural resources'

THE THEME for this year's Lord Mayor's Show on November 10, will be the City's vital role in the development and marketing of the world's natural resources.

In his message to the Show, the Lord Mayor-Elect, Alderman Sir Peter Gadsden, stressed the dependence of modern civilisation upon its ability to realise the earth's mineral and agricultural potential.

End isolation, architects told

MR. BRYAN JEFFERSON, President of the Royal Institute of British Architects, last night called for an end to the professional isolation of architects.

In his inaugural address, he claimed that professional architects were too remote from the actual processes of building because of the restrictions of their methods of practice.

Pipe plants boosted

NEW ORDERS for onshore Scottish pipelines linking North Sea fields with processing plants, will provide work for Scottish and North East steel pipe plants until the spring of next year. The pipelines will carry natural gas liquids associated with oil production.

Tourist chief wants more liberal licensing laws

BY JAMES McDONALD

ENGLAND'S ANTIQUATED licensing laws should be liberalised, said Mr. Michael Montague, chairman of the English Tourist Board, in Newcastle yesterday.

Mr. Montague, fully supported Sir Nicholaa Bonsor'a Private Member's Bill on licensing, due for its second reading in the House of Commons on November 30. "Experience in Scotland has shown that fears of more drunkenness causad by liberalising licensing laws lack foundation.

"Overseas visitors particularly —who contribute more than £3bn a year to our country's economy—regard our strange licensing laws with a mixture of frustration and sheer disbelief."

Mr. Montague said: "Hotal bookings in the past few months had heen much better than expected. Hotals in London and the provinces bad a good August, September and October and this trend was continuing."

MP in March

Mr. Anthony Nelson, MP, was pictured in Monday's Financial Times taking part in the TUC protest marcb against the Corrie Bill to restrict abortion, not Mr. Tony Newton, MP, as stated. We apologise to both MPs.

Sotheby's achieves top prices

SOTHEBY'S yesterday achieved top prices at Mak van Waay auction bouse in Amsterdam. An American dealer paid £27,122 for a Rubens chalk drawing, a preliminary sketch for bis The Fall of the Damnad, while a landscape with Elisha, by Hans Bol, made £25,943, a record for a drawing by this artist. Another record for a drawing was the £17,452 which secured a Van Goyen market scene. The drawings totalled £240,790.

SALEROOM

BY ANTONY THORNCROFT

Back in London Sotheby's first sale devoted to militaria totalled £20,960. An early 20th century officers uniform of the 16th Lancers went for £1,050 to Pickup, and a Royal Horse Guards officer's helmet of the same period made £520.

At a Phillips' furniture sale, which totalled £132,320, keen bidding by Italians pushed the price of an 18th century pair of parquetry commodes to £14,000, twice the estimate.

Spink hought a Naval General Service medal of 1813, earned in the Anglo-American War, for £1,100 at Christie's. A Trafalgar medal realised £850. Christie's in South Kensington achleved its highest total ever when disposing of jewels for £112,571.

County councils to oppose rate-support grant plan

BY PAUL TAYLOR

THE Association of County Councils, which is Conservative-controlled, will firmly oppose Government plans to change the rate support grant system radically.

A meeting of the association's executive council in London today is expected to reject totally Government plans, still to be officially announced, to introduce a grant system in April, 1981, involving much tighter control over council spending plans and rate increases.

Proposals for a "unitary" grant system—which would enable the Government to penalise councils which overspend are expected to be included in the Local Government, Planning and Land Bill, due to be published this autumn.

The association has anticipated this move by preparing detailed papers on the effects of a grant system based on telling each local authority how much it should spend, and how much it should collect through the rates.

A paper prepared by a special sub-committee of the association's local government finance committee highlights the importance being attached to central Government's longer-term plans for the rate-support grant system.

Among the paper's main conclusions are that a discriminatory grant system, such as unitary grants, "would pose a threat to local autonomy," and that far from simplifying the present grant system the proposed system would be more complex.

The central feature of the present grants system is a complicated statistical formula used to determine local authority spending "need."

With the new system it would still be necessary to estimate spending need. The important difference between the existing and proposed systems is that the Government would probably adopt a unit-cost approach to provision of local authority services and set an "approved level" for rate bills.

The county councils face a particular dilemma in responding to the Government proposals, since they tend to accept the need of the Government to penalise local authorities that overspend, and are also keen to see changes in the system used to assess spending need.

Nevertheless it appears that none of the three main local authority associations, all Conservative-controlled, will feel able to support the change.

The debate on the future of the longer-term rate-support grant now seems likely to overshadow announcement of the 1980/81 grant, due on November 20.

Britain to contribute nearly £4m to research reactor in France

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN will contribute nearly £4m to the modernisation of a nuclear reactor in France, used as a tripartite research facility by Britain, France and West Germany.

This is the high flux beam reactor—Europe's most powerful source of neutron beams as an investigative tool—in operation at the Institut Laue-Langevin, near Grenoble since 1972.

Britain bought a one-third stake in this Franco-German research centre when the Government turned down joint plans of the Science Research Council and the UK Atomic Energy Authority to build a bigger high flux beam reactor in Britain.

The 11.5m modernisation programme planned for the next five years includes a new computer centre and laboratories at the institute, which is used by about 1,700 scientists from the three countries.

In the annual report of the Science Research Council, published yesterday, Professor Sir Geoffrey Allen, its chairman, says the council is devoting the major part of the increase in its budget this year for the purchase of advanced equipment for universities.

"This will do something to relieve another problem looming over university research, namely the difficulty in finding funds to re-equip laboratories in the face of ever increasing costs and diminished budgets."

The council attaches special priority to three engineering programmes—polymer, engineering, marine technology, and the teaching factory.

It has committed more than £2m to the polymer engineering directorate, for work in more than a score of universities and five polytechnics.

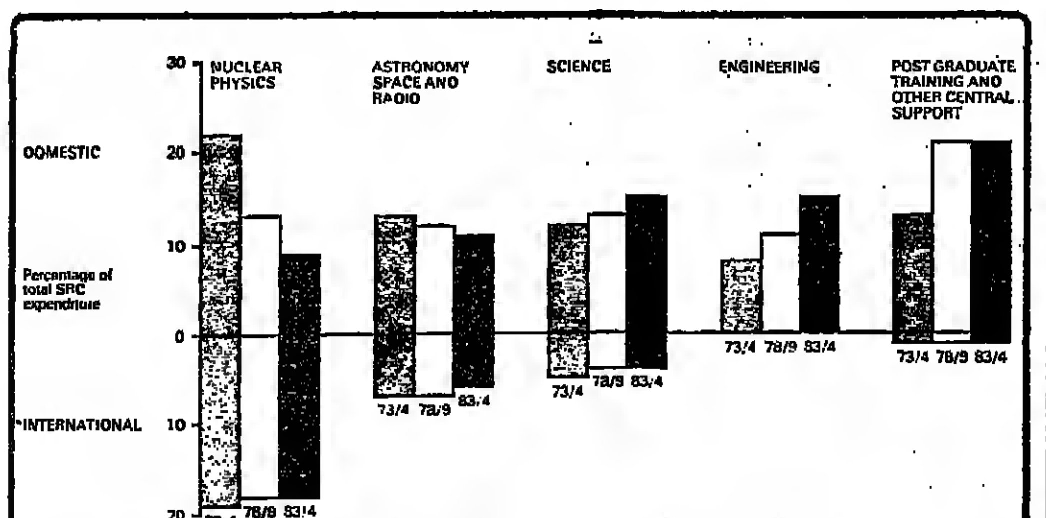
The council finds that with polymer prices responding rapidly to rising oil prices, there is "steady movement to the use of polymers in more critical and higher grade products and to reducing the use of polymer with heavily loaded composite materials."

A commitment of £5.6m at 1978 prices has been made to marine technology. Progress has been "steady if undramatic," and is attracting the interest of consulting firms.

A score of proposals have been approved by the council under the teaching company scheme, where manufacturing companies work closely with departments of production engineering to extend the experience of engineering graduates. The latest industrial participants include Asquith Machine Tools, Yorkshire Imperial Metals and Rank Taylor Hobson.

The council's gross expenditure in 1978-79 was £157m. The accompanying chart shows the distribution among the five sectors of the council's activities, and how expenditure in these sectors is changing over the decade 1973-83.

Annual report of the Science Research Council, pp 110, HMSO, £3.25.



* Expenditure through payments to international bodies and projects including CERN, ESA, ILL, AAT, SAAO, EISCAT, NATO.

Liverpool airport losses cut

By Michael Donne, Aerospace Correspondent

BRITISH Midland Airways, the independent airline which took over scheduled domestic flights from Speke airport, Liverpool, last year from British Airways, is now "definitely on the coad to profitability."

Mr. Michael Bishop, chairman, said yesterday that the airline had achieved the first part of its self-imposed threa year plan. It had atopped the considerable losses incurred by British Airways and the airport.

"We have reduced the loss on the routes by around three-quarters of a million pounds, and that of the airport itself by about half a million.

While operations are not yet profitable, "we are now definitely on the road tn profitability within the time we have set ourselves."

Mr. Bishop said he was certain the financial results of the first year would have been even better but for the sudden rise in fuel costs.

He believed that the average fuel costs at Liverpool airport were substantially more than those at other UK airports.

The number of passengers carried in the past year was 309,030 an increase of 40 per cent over the previous year.

New Midland venture to boost small enterprises

BY LORNE BARLING

MAJOR Midland companies, including Lucas Industries and Cadbury Schweppes, plan to regenerate industry in the area by assisting small enterprises.

The Birmingham Venture scheme, backed by Midland and Barclays banks, will help small companies to set up, or expand in export marketing.

Other companies involved are Delta Metal, R. M. Douglas Construction and the Birmingham Post and Mail. Another 12 are expected to join befora the end of the year, each contributing up to £3,000 towards running costs.

Although no direct financial aid will be provided, the companies will allow small companies to make use of any excess factory space they have, export marketing information and marketing facilities abroad.

The Birmingham Venture will be administered by the city's Chamber of Commerce, which is working with city authorities to deal with the area's serious industrial problems. The scheme will be reappraised after two years.

Residents stop plan for Manchester plant

PLANS BY an American chemical company to build a factory and office complex covering more than 60,000 sq ft on a site in South Manchester have been scrapped because of "local residents' hostility," it was announced yesterday.

The decision is a serious setback to an industrial development programme which is being backed by Manchester City Council at a cost of several millions.

Thiokol Chemicals, which already operates from two other sites in South Manchester, was granted planning permission for the new complex on a site zoned for industry in Baguley. The company produces photosensitive film and chemicals.

Residents' opposition, including a threat to picket the site if building started, and the presentation of a 2,000-signature petition to the Lord Mayor, was criticised by Councillor Norman Morris, leader of Manchester City Council, yesterday.

He said that Manchester had lost a valuabla modern industrial development and a "splendid chance" to boost employment by more than 350 jobs. "I hope that the people who have stopped these jobs coming to the area realise what they have done.

Road hazard signals on trial

BY LISA WOOD

TRAFFIC SIGNALS which show the nature of hazards are to go on trial on the Bedfordshire section of the M1 next week in an attempt to slow vehicles before they reach danger areas.

The Government's Transport and Road Research Laboratory has found that the existing signals only slightly affect traffic speeds.

It is believed that by giving drivers information in graphic form about incidents ahead, such as snow, they will respond better to advisory speed limits.

Twelve signals which will supplement existing signs about maximum speeds and closed lanes will show potential dangers such as an overturned car, crosswinds and a lorry which has shed its load.

Drivers' response to the signals, which come into operation between junctions 10 and 13 of the M1 next Tuesday, will be measured by detectors embedded into the road a quarter of a mile after each signal.

Measurements on the M1 with existing signals showed that in 126 incidents, including accidents and bad weather, traffic slowed on average by about 4½ mph from an average speed of about 68 mph in response to an advised 50 mph limit.

● NEWS ANALYSIS—SCOTTISH DEVELOPMENT AGENCY

Privately, a little disappointing

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH Development Agency's fourth annual report was published yesterday. It shows the size of the task the Government has set itself in trying to bring private capital into all the public intervention agencies established by Labour.

New guidelines for the SDA, which, with its counterpart in Wales, was set up as a regional cousin to the National Enterprise Board, have still to be announced, but the broad thinking behind them is already known.

A holding company is to be established to separate industrial investments by the agency from its less controversial functions, such as factory building and environmental improvement. Private money will be invited to sit alongside the public cash.

So far there has been no suggestion that Mr. George Younger, the Scottish Secretary, will follow Sir Keith Joseph's lead and order the SDA to sell some of its assets. Looking at the agency's accounts, one can understand why.

Most of the agency's portfolio looks uninviting, although it has sold stakes in several companies—notably a £75,000 share in Edinburgh-based MESL, on which it realised a £191,000 profit when it sold out to Racal earlier this year.

All six subsidiaries in which the agency has a controlling interest were in the red last year. One is now in receivership. Of the five associates, where the stake is between 25 and 49.9 per cent, and the other companies in which the SDA has a holding, several made quite respectable profits, but the overall out-turn was a surplus of only £28,000.

The entire portfolio of 32 investments represents £11m in shares, £3m in loans and £4.5m in other committed funds. This year, the total pre-tax loss was £2m, with the agency bearing a £1.58m share—hardly a performance to tempt the hard-headed private financier.

The SDA argues, with some justification, that it would not be doing its job as a development agency if it took on only solidly profitable propositions.

Stonefield Vehicles, for example, manufacturer of an advanced design of cross-country truck, was always seen as a company which would devour large amounts of development capital before it came good. This year its loss was £1.3m, but since the accounts were closed it has secured a substantial order.

Inveresk Research International, a contract research company, into which the agency has put £900,000, is also gearing up to meet new markets, hence its £352,000 loss.

But the SDA has also been drawn into some uncertain enterprises by what might be called its public service obligations. A 4 per cent stake in the oil platform yard of Redpath De Groot Caledonian was intended to hold the middle ground between the British and Dutch partners, but so far this duty has been unrewarded.

The agency has tried to run too fast. Blue chip propositions are a rare commodity in Scotland, and any private investment company would have found itself hard put to assemble a book as large as the SDA's without taking some unwise risks. The Tories say that the agency was given an unrealistic brief by the Labour Government and that expectations of what it could do were raised too high.

It has invested in several companies which it knew were marginal cases and where the management has not proved up in the financial strains. While the portfolio was small, agency staff could guide and even reorganise these companies. But as their numbers increased, the workload became too great.

In four years of operation, five companies under the agency's wing have collapsed. There are others on the books which look shaky. Apart from those with heavy capital commitments, three subsidiaries which made substantial profits in 1977-78 returned losses last year.

Steps are now being taken to remove some of the weaknesses. A management services unit, with specialists in marketing, production engineering and corporate planning, is being set up to administer what the agency calls its "aftercare" service.

This will free the investment staff to conceotrate oo assessing new prospects. With the Government determined to play down the investment role there should be fewer of these to look at.

LOSSES BY SCOTTISH DEVELOPMENT AGENCY SUBSIDIARIES

Company	Total commitment £	Percentage held	Pre-tax loss £
Stonefield Vehicles	3.3m	75.9	1.3m
Lothian Electric Machines	1.7m	100	112,000
Henry Ballantyne & Sons	1.5m	50.2	80,000
Inveresk Research International	900,000	90	352,000
Braidwood Developments	484,000	94.6	94,000
R. L. Munro of Edinburgh (in receivership)	403,000	92.7	195,000

Scottish manufacturing results 'appalling'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MANUFACTURING production in Scotlaod increased by only 1.2 per cent between 1976 and 1978, an appalling performance by international standards, according to the Fraser of Altander Institute at Strathclyde University.

In its quarterly economic commentary, published yesterday, the institute says that in the aame period production in the Irish Republic grew by 28 per cent, in Japan and the U.S. by 23 per cent and in West Germany and France by 15 per cent. There was also significantly greater growth in the UK as a whole.

"Inertia in developing new markets, and lack of competitiveness in existiog markets both contributed substantially to the virtual stagnatioo of Scottish output," the commentary says.

"However, it is only when a large closure occurs, such as the recent shutdown of Singer at Clydebank, that the media and general public begin to become aware of the malaise that runs theoughout Scottish industry."

The institute says that the disappointing industrial performance occurred when regional policy was providing a battery of incentives to help Scottish companies.

The institute argues that the traditional excuse for poor performances in Scotland—that the industrial structure is outdated—no longer holds true. This is because the distribution of employees in different industries closely reflecta that in the UK as a whole.

The difficulty lies not in what is being produced, but in the lack of efficiency.

In the short term the outl[illegible] is grim. A decline in [illegible] domestic product is predicted for 1980 and a continued [illegible] in Scottish unemployment [illegible] 179,000 is expected [illegible] from its present level [illegible]

Quarterly Economic Commentary Vol 5 No 2 [illegible] of Allander Institute, [illegible] rose Street, Glasgow. [illegible]

Tourism grows in Highlands and Islands

OVERSEAS HOLIDAY [illegible] into Scotland's Highlands [illegible] Islands represents 17 per [illegible] of the area's 2.5m [illegible] year, Dr. David Pattison [illegible] of the tourism division [illegible] Highlands and Islands Development Board, said yesterday.

"Apart from the [illegible] scenery, agents consider [illegible] offer value for money [illegible] ties, which are [illegible] standards year by year," [illegible] said at the Trades International Trade Fair at Aviemore.

He said hotels were [illegible] ing special offers and p[illegible] to provide more [illegible] business throughout the year.

"This is the only way [illegible] can avoid a repetition of [illegible] year's problems, when [illegible] founded rumours of [illegible] shortages in the area [illegible] peak season chance trade."

UK NEWS

'More roads needed' for European traffic

By Lisa Wood

MORE ROADS are needed in South-East England to ease the increasing flow of Continental traffic, Mr. John Silbermann, chairman of the Road Haulage Association, said at its annual conference yesterday.

But people in Kent, for example, resented the region's use as a corridor to trading partners in Europe, he added.

"Some people call for the banning of heavy vehicles. The answer is not the negative approach of bans and restrictions. The solution is to recognise the genuine needs of motor transport and build accordingly. This means purpose-built roads away from shopping and residential streets. The briefest of investigations show black spots urgently in need of new links. If one concentrates only on motorways in the south-east region, great gaps yawn in the M2, M20, M25, M27 and M3."

He also spoke of the need to increase spending on maintenance. The road haulage industry pays "more in taxes than is spent on our behalf, and hence spending must be increased."

Midlands bus fares may rise

WAGE INCREASES and further rises in costs, including fuel, have caused the Trent Bus Company—one of the largest in the Midlands—to apply to the East Midlands Traffic Commissioners for permission to increase fares.

The application will be heard on November 29 and the bus company plans to raise fares by 2p to 10p. Mr. Bill Gunning, traffic manager, said the last major fares rise in January fell short of requirements because wage settlements for staff were much higher than the 5 per cent expected. Trent runs services in Derbyshire, Nottinghamshire, Staffordshire and Leicestershire.

NCB to streamline Ulster coal supply

BY MAURICE SAMUELSON

THE NATIONAL Coal Board is to streamline its methods of shipping domestic coal to Northern Ireland after a Government decision not to supply the province with gas from the North Sea.

Plans to be disclosed later this week involve modernisation of dock facilities for exporting domestic coal, which have remained unchanged for more than 30 years, and the provision of new ships.

The plans will assure a smoother flow of coal to Northern Ireland. The fuel will be of a higher quality than at present.

The Government recently decided not to authorise the building of an undersea pipeline to take the natural gas from Scotland. Northern Ireland's gas industry, which fears it will now have to close down entirely, had lobbied for the pipeline for three years.

The Government turned the project down because of its high capital cost—£76.3m—and support costs of £85.7m. As a majority of homes in Northern Ireland are heated by solid fuel, the Government decided that it would be cheaper for houses to be converted from gas to coal, rather than the other way round. A major subsidy on gas would be misdirected.

Only 37 per cent of households in Northern Ireland are supplied with gas, compared with 70 per cent in Britain (where 84 per cent are in the gas supply area).

The scrapping of the pipeline project gives coal a guaranteed domestic market of nearly 1m tonnes a year, with a retail value of up to £65m. Three-quarters of the homes in Northern Ireland have facilities for solid fuel heating. This figure is increasing at the rate of 8,000 a year.

Almost half the province's homes are publicly owned, by the Northern Ireland Housing Executive, which specifies coal heating in almost all its new or converted properties.

The campaign in favour of a gas pipeline was particularly vigorous because of Northern Ireland's lack of indigenous fuel, apart from peat. The province is also more vulnerable to the energy shortage than most other parts of the UK.

The gas lobby argued that Northern Ireland was entitled to its share of the country's North Sea gas production. In reply, it was pointed out that there were significant outlying areas of England, Scotland and Wales which were not linked to natural gas.

The decision in favour of coal also has implications for electricity power stations in Northern Ireland. All new generating capacity is oil fired, and dependence on oil could rise to 90 per cent on completion of the 1260 MW power station at Kilroot, near Belfast.

However, the Northern Ireland Electricity Service has been asked to see whether part of Kilroot could burn coal. At present, only 20 per cent of electricity is generated by coal burning plant, half of which is due to be phased out.

Demand for coal, both domestic and industrial, is also expected to grow in the Irish Republic, whose basic energy problems are similar to those of Northern Ireland.

Bulmer raises cider prices

By Our Consumer Affairs Correspondent

PRICES OF some brands of cider produced by H. P. Bulmer will rise next Monday. The recommended price for a pint of draught "Woodpecker" will be 37p and a pint of "Strongbow" 41p.

The company blames rising fuel, interest, and packaging charges and says it may increase prices again after Christmas.

Row over Kirkby co-op machinery settled

THE dispute over ownership of plant and machinery at the Kirkby workers' co-operative in Liverpool, which went into liquidation earlier this year, was resolved in the High Court in London yesterday.

The plant and machinery was auctioned in June on the instructions of the liquidator of the co-operative, KME, but two former worker directors prevented it leaving the factory.

Yesterday Mr. Justice Dillon was told that the two directors, Mr. John Spriggs and Mr. Richard Jenkins, both members of the Transport and General Workers' Union, no longer objected to the plant and machinery being removed.

By consent, the judge ordered delivery of the goods to the purchasers, Myson Group, and granted an injunction restraining Mr. Spriggs and Mr. Jenkins from hindering the removal. The question of costs will be decided later.

Mr. Spriggs and Mr. Jenkins were not in court or represented, but their solicitors had written to the court consenting to the order.

Other parties involved in yesterday's proceedings were the auctioneers, Henry Butcher and Company, and Kirkby Manufacturing and Engineering Company, whose assets were acquired by KME.

Earl leaves £214,176 will

LORD Snowdon's stepfather, the sixth Earl of Rosse, who died in July, aged 79, left £214,176 gross, £92,750 net, in his will published yesterday.

The Earl, of Stafford Terrace, Kensington, London, left £1,000 each to Lord Snowdon and others, and the remainder of his property to his widow Anne, Countess of Rosse.

APPOINTMENTS

Giltspur group executive change

Mr. Peter Aspin has been appointed managing director of GILTSPUR MOTOR INDUSTRIES, one of the principal subsidiaries of Giltspur Limited, the industrial services group chaired by Mr. Maxwell Joseph. Mr. Aspin, managing director of Nottingham-based Giltspur Precision Industries since 1975, now moves to Derby to take up his new position.

*

Mr. M. F. Garner has been appointed a director of the BRITISH ALUMINIUM COMPANY from November 1. He is finance director of Tube Investments.

*

Mr. Peter Cracknell and Mr. Merric Prince have been appointed chairman and vice-chairman, respectively, of the MUSHROOM GROWERS' ASSOCIATION.

*

Mr. S. J. Rose, joint managing director of DAKS-Simpson (Womenswear) has been appointed a director of S. SIMPSON. Mr. H. M. Gordon-Martin has resigned from the Board of S. Simpson.

*

Mr. David H. L. Hopkinson has been appointed from November 1 to the Southern Regional Board of LLOYDS BANK, which sits at Guildford under the chairmanship of Lord Beeching. Mr. Hopkinson is chairman of M and G Investment Management and a director of many companies. He is also chairman of the Chichester Diocesan Board of Finance and the Southern Region Board of British Rail.

*

Mr. T. J. Markham has been appointed managing director of CLAUDE RYE BEARINGS and its associated companies within the distributive division of Smiths Industries. He rejoins the group from Dick Bearings where he has been managing director for over two years.

*

STOY HAYWARD AND CO. has appointed Mr. David Shrimpton as partner in charge of the investigations department from November 1.

*

Y. J. Lovell (Holdings) has appointed Mr. E. G. Vassar as a director of LOVELL CONSTRUCTION SERVICES from November 1, with responsibility for co-ordinating technical services within the group. Mr. Vassar has had direct connections with the Lovell Group since the setting up of the joint overseas company Lovell Stewart Construction Services, of which he is chief executive, and in addition to his new duties he will continue to direct activities in Nigeria.

*

Mr. John Galvanoni, a director of ROBERT FLEMING AND CO., has been appointed a manager of the Eurobond dealing department.

*

Mr. J. S. Burns, financial controller and company secretary of PRIVATE PATIENTS PLAN, has been appointed financial director.

*

Mr. Roger Corry has become financial director of B. AND R. RELAYS following the retirement of Mr. Alan Wilcock.

*

Mr. Nigel Kenyon has been appointed the north west regional adviser of DEVELOPMENT CAPITAL, the independent organisation which provides finance for small and medium sized companies.

*

Mr. D. Hamilton Harding, managing director of Perstorp Hammarplast, has become marketing director of PERSTORP WARERITE and Mr. John Smith continues as sales director of that company. Mr. John Rowntree joins Perstorp Warerite as production director from the BP Chemicals subsidiary Bakelite (UK), where he was operations manager.

*

Mr. W. Simms is to become deputy chairman FEDERATED INSURANCE COMPANY from November 1 in succession to Mr. J. O. Broad, who is retiring from the company. At the same time Mr. C. J. Francis becomes general manager.

*

Mr. Maurice Carr, Mrs. C. M. Franks and Mr. Henry Endelman have been appointed to the Board of TODWICK (PROPERTY CONSULTANCY AND PROJECT MANAGERS). Mr. Carr continues as chairman of William Moss Developments.

*

The Secretary for Social Services has appointed Miss Patricia Steel as a member of the OCCUPATIONAL PENSIONS BOARD, filling the vacancy created by the resignation of Miss Sheilagh Roberts. Mr. Peter Hart has retired from the Public Service and his post as Controller of the OPB's executive office has been taken over by Miss Margaret Grainger.

*

Mr. Derek J. Kingsbury, deputy chief executive of Dowty Group and managing director of the group's electronics division, has been appointed to the additional post of managing director, DOWTY GROUP SERVICES.

*

VINERS has appointed Mr. Derek A. Warne as director and managing director of its UK operating companies. He will be responsible for the development of Viners (Sheffield) and Viners Distributors, in Manchester.

*

Leigh and Sillavan Group has acquired to share capital of DIE-CASTINGS, aluminium alloy gravity die and sand founders of Handsworth, Birmingham. Mr. R. C. Wood remains as managing director of Diecastings and Mr. A. E. Whitworth, Mr. R. M. W. Tolson and Mr. J. W. Kirkland have been appointed to the Board. Mr. A. J. Nash has been made company secretary.

'No recall' at Ellesmere plant

BY PHILIP BASSETT, LABOUR STAFF

VAUXHALL MOTORS said yesterday that it would not be able to recall any of the engineering workers et its Ellesmere Port plant on Merseyeide, in spite of their vote on Monday to call off the eight-week-old strike. Vauxhall's decision follows yesterday's vote by 270 machine setters to remain on strike.

The other crucial group et the plant which has not yet accepted the company's 17 per cent pey package—the 3,000 members of the Transport and General Workers' Union—will hold a mass meeting on the offer tomorrow.

Though a previous TGWU mass meeting three weeks' ago voted against e return to work and the union's stewards bave been consistent in their determination to continue the strike, the pressure to relax their opposition has been increased by the engineering workers' vote on Monday.

The 270 setters, who like those who voted on Monday for a return to work are members of the Amalgamated Union of Engineering Workers, voted overwhelmingly to stay out.

Their opposition to the package centres not on the overall increases it offers—the TGWU claims the offer gives increases of 13.7 rather than 17 per cent—but on e new differential it establishes for the 1,200 fitters at the plant.

Both groups are on e rate of £86.80 a week. The offer creates a new grade, ebove the previous top rate, which gives an extra 2p per bour to the fitters, taking them to £100 a week compared to the setters' £99.20.

Thougb the differential this establishes is small, it plays upon sensitive long-standing grievances with the AUEW at the plant, and is enough to bave made the setters feel downgraded. The fitters, also AUTW members, have already accepted the offer.

● As BL's ballot of its workforce on its rationalisation plen closed yesterday—the result will be declared tomorrow—the TGWU, which while not directly opposing the plan has allowed its members to campaign for a rejection, said the ballot had "discredited" those involved with it.

Despite the divisions between the TGWU and other unions on the ballot, Mr. Tod Sullivan, a TGWU netional secretary, was careful not to include the Confederation of Shipbuilding and Engineering Unions in bis coodemnetion.

He said the ballot bad discredited BL's board of directors and management, the media and — "*saddest of all*" — the Electoral Reform Society, which is cooductiog the ballot. The previously good name of the Society had been hrought into severe question.

Whatever the outcome of the vote, the ballot would not make the company's proposals into a plan for survival, or solve the pcohlem of investment or the company's industrial relations difficulties, said Mr. Sullivan.

Strike backing refused

JOURNALISTS leaders failed yesterday in an attempt to persuade print unions to back a proposed strike aimed at the management of the *Nottingham Evening Post*.

The executive of the National Union of Journalists decided at the weekend to call out nearly 9,000 provincial journalists in a one-day protest strike in conjunction with members of print unions, but their idea was received with minimal enthusiasm at a meeting of the TUC print unions.

NUJ leaders could not persuade their print union counterparts that it was likely *to be an effective action*. One union, NATSOPA, is understood to have strongly opposed the move.

The unions decided to refer the matter to their executives meaning that industrial action by them is now highly unlikely. The NUJ is not expected to take unilateral action.

The Nottingham Evening Post management sacked 28 journalists for taking part in last winter's seven-week official strike by provincial journalists. The management has refused to take them back, and in February the journalists launched their own weekly paper, the Nottingham News.

Legal curbs not yet decided—Prior

BY OUR LABOUR EDITOR

THE TUC was told yesterday that the Government had not yet come to any final conclusioos about the shape of its labour law reforms.

A letter from Mr. James Prior, Employment Secretary, dealt with a number of specific trade union objections to his proposals. In particular, Mr. Prior said that there was no intention "to restrict primary industrial action" or to prevent trade union officials joining picket lines.

He also said that his proposed reforms of the closed shop were not meant to "interfere with established arrangements." This might be interpreted as a sign thet the Bill will disappoint the CBI and others who have asked thet existing closed shops be subject to periodic review.

The Minister gave no clues about how extensively the Government would attempt to legislate on controversial issues like trede union immunity from legal action in a Bill which is expected late next month or early in December.

"The Government is still considering views that are coming from extensive consultations and we have not come to any final conclusions," he wrote.

He has offered to see the TUC Employmeot Policy and Organisation Committee again before the Bill is published.

Although further talks cannot be ruled out, the TUC has already made it plain that it will not be drawn into any agreement on legal cbanges, while Mr. Prior bas reasserted his intention to legislate, with or without TUC consent.

The next meeting of the TUC committee will be considering all three sets of proposals that bave now been produced by the Department of Employment as "working papers."

These cover picketing, union immunities, the closed shop, secret ballots, industrial tribunals, recognition procedure, meternity rights, the "fair wages" laws, and "coercive recruitment" of trade union members.

Direct labour plans welcomed

Government peoposals to make direct lebour organisations more efficient and publicly eccounteble have beeo generally welcomed, the Institute of Municipel Building Management conference at Harrogate was told yesterday by Mr. Geoffrey Finsberg, Perliamentary Under Secretary for the Environment.

More than 60 organisations have responded to the consultation documeol.

Clothing workers settle

BY GARETH GRIFFITHS

CLOTHING WORKERS will receive a two-stage pay settlement worth about 18.1 per ceot following negotlations between the Netional Union of Tailors and Garment Workers and trade associations in the industry.

The deals involve a first-stage payment in the next two moolhs of a 12.5 per ceot increase in minimum rates, end a second-stage, six months later, of 5 per cent.

The NUTGW says it means earnings will be increased by 18.1 per cent and the minimum hourly rate increased to 124p.

Agreements have been signed with the British Apparel Manufacturers' Association, the Corsetry Manufacturers Association, the Shirt, Collar and Tie Manufacturers' Federation and the Overall Manufacturers' Association. All the deals follow a September agreement with the Clothing Manufacturers' Federation.

The settlements cover more than 160,000 people, 90 per ceot of them women. Holiday entitlements are increased from 17 to 18 days. There is no change in the working week, although Mr. Alec Smith, NUTGW general secretary said the union was seeking a reduction.

Hauliers call for unity

By Nick Garnett, Labour Staff

THE NEED for employer unity against "unreasonable" union demands has heen a recurring theme within the CBI council, Mr. George Newman, director-general of the Road Haulage Association, told the association's annual conference in Brighton yesterday.

In the present atmosphere, "employer unity, or solidarity, in opposition to the forces of erosion and decline in indnstry, is an essential ingredient which we must foster as a matter of urgency," Mr. Newman said.

Without the combined strength of the general pnblic, moderate trade unionists, employers and e Government devoted to the welfare of the whole nation, "it is difficult to see how we can combat the vicious assaults of those determined and subversive groups whose loyalties appear to lie beyond these shores."

Mr. Newman, whose indnstry suffered a prolonged strike by drivers in January, said it was essential to redress the balance of power

Some success for AUEW's Left

BY NICK GARNETT, LABOUR STAFF

THE LEFT within the Amalgamated Union of Engineering Workers claims modest success in union elections, the results of which were announced yesterday. But there were no surprises in polls ranging between 20 and 28 per cent.

Mr. Bob Wright, the present *assistant* general secretary, was confirmed in the post with a vote of 150,560 against the 97,292 cast for Mr. Gordon Lee, a Coventry branch secretary.

Mr. John Weakley of the South Wales and western region, fills the seat on the executive vacated by the death of Bill John. Mr. Weakley polled 17,625 against Mr. Les Thompson's 14,590. All seven seats on the executive remain in the hands of men on the Right of the union.

...Mr. D. Gough, the present divisional organiser for the north-west beld the post, polliog 6,472 against Mr. A. Kendrick's 3,337.

There will be a second ballot for the post of divisional organiser, London and south-east, between Mr. A. Harrison, district secretary in Watford who polled 5,339 votes in the first ballot, and Mr. M. Young, district secretary, Oxford, who polled 3,669. The existing post was vacated by Mr. Jack Whyman wbo moved onto the executive.

Mr. J. Bowers was elected regional organiser in the north-west Ireland region with 16,692 votes against 14,985 for Mr. A. Hitchen.

The post of district secretary in Preston went to Mr. L. Brindle, 1,621 votes, against Mr. G. Kesketh, 1,552. Dewsbury and Wakefield was won by Mr. D. Nicholson (951) egainst Mr. A. Edmundsoo (836).

The post of district secretary, Teesside, goes to Mr. J. Bailey, 1,714 votes against Mr. T. Taylor 990. In Nottingham, Mr. R. Bacon retains the district secretaryship with 1,629 votes against Mr. D. Jones' 1,212. For the Tyne, the job goes to Mr. T. Johnston wbo defeated Mr. J. Carse 3,708 to 2,996.

The position of assistant divisional organiser, Cardiff was taken by Mr. E. Hughes 8,814, who defeated Mr. A. Price, 5,216. There will be a second ballot for the assistant divisional organiser's post in the London and south-eastern division between Mr. D. Stopp, who polled 4,563 votes in the first ballot and Mr. T. Andrews who polled 2,693.

Gummed products plant to shut

ABOUT 400 jobs will be lost as a result of a decision by Dickinson Robinson Group, the stationery and printing group, to close its Holdfast gummed products factory at King's Langley, Hertfordshire.

The group says that productioo at the factory had been "drastically" affected by the swing in demand from gummed to self-adhesive products, and the market had also been hit by "intense competition" from low-cost imports from Europe.

Closure of the factory is expected to take place early next yeer. More than 300 jobs there will be involved, together with a further 85 jobs in support areas at aoother group factory at Borehamwood, Herts.

OBITUARY—Mr. GEORGE WOODCOCK

The man who gave the unions status

CEORGE WOODCOCK, who died yesterday at the ege of 75, will go down in history es one of the great General Secretaries of the Tredes Union Congress beceuse of tbe positive, if sometimes withdrawn and even aloof, leadership he gave the trede unions during the nine years he held the job from 1960 to 1969.

Respected by bis colleagues, he belped to build up the status of the trade unions in their dealings with the Government, in Whitehall, and with the public through the television and the Press.

He was austere in his tastes but enjoyed the power and influence of his job at the TUC, in the development of the unions' role in the management of the economy.

He wrote only last year thet the developing *outlook* of the TUC, particularly in the post-war period, was, in words borrowed from Sydney and Beatrice Webb, "democracy having outgrown its conception as an organ of revolt and beving now acquired its meaning as an organ of government."

The TUG hae drawn closer to the Lahour Party than Woodcock thought desirable. His world was that of the NEDC and Government departments rather than Labour Party headquarters and party rallies, but during his life in these circles and elsewhere he ranked as e good man of supreme intellectual self-confidence.

"He was one of the great architects of the modern trade union movement," said Mr. Len Murray, the present TUC general secretary. "Persuasion wes his chosen method and his formideble power of argument and talent for illuminating e familiar problem from an unexpected angle were well known to his trade union colleagues and to employers and Government ministers.

"The TUC and the nation as a whole will long be in debt to him."

Born in Lancashire in 1904, Woodcock started work wben be was 12 as e half-timer in a local cotton mill near Preston. He joined the then Weavers' Association, became a voluntary official, end continued to work at the trade until he won a TUG scholarship to Ruskin College in Oxford at the age of 25. Moving on to New College, Oxford, he took a first in philosopby, politics and economics and then went to Manchester University on post-graduate work. After a brief spell as e civil servant, Woodcock joined the TUG as research secretary in 1936 and became assistant general secretary 11 years later.

He was elected general secretary in 1960 and, leter, was an influential member of the Donovan Royal Commissison on Trade Unions and Employers' Associations. The Commission recommended the creation of the Commission on Industrial Relations, and Woodcock became its first chairman. He believed that such an organisation could do major work in the voluntary reform of industrial relations. But its usefulness was restricted when it became en instrument of the Industrial Relations Act in 1971 and Woodcock then retired, and since then had drawn further and further back from public life.

Together with his illustrious predecessor at the TUC, Lord Citrine, Woodcock will be remembered for the status he helped to give trade unions. His proudest achievement was probably ensuring union support for the National Economic Development Council when it was set up in 1962, althougb be realised later that it had not proved to be the effective representative and working body he would have liked.

Woodcock was famous for his phrase about the TUG having "left Trafalgar Square" and was shy neitber about repeating it nor about relishing the alternative it created of treading the corridors of power. He was frustrated, bowever, over ideas for unions to be organised on e more industrial base and over his wishes for the TUG to have more central power. But such setbacks did not worry him and be could always fall back on his basic philosopby that trade unions are essentially organisations that react to situations created by others—Governments or employers—rather than themselves being initiators.

UK NEWS—PARLIAMENT and POLITICS

Thatcher stands by pay-output formula

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER told the Commons yesterday that the Government intends to stick to its economic policies, despite the latest CBI survey which shows a low level of business confidence and profitability.

She strongly condemned pay claims which were not matched by genuine increases in productivity and warned that a rise in unit labour costs would create more unemployment and the loss of orders at home and abroad.

Mrs. Thatcher fully endorsed Monday's warning from Mr. Michael Heseltine, the Environment Secretary, that the Government could not afford rises of nearly 17 per cent for local authority workers.

She was replying to an attack from Mr. James Callaghan, the Opposition leader, and Mr. Denis Healey, shadow Chancellor, during Prime Minister's question time.

Mr. Callaghan wanted to know if she had seen the latest survey carried out by the Confederation of British Industry.

He said it indicated that business confidence had slumped over the past three months, output was weak and more companies were working below capacity.

Investment plans were being shelved, export prospects were in decline and the cash position of companies bad deteriorated sharply.

Was this part of the "new spirit" which the Chancellor, Sir Geoffrey Howe, had detected last week? Was this the state of affairs the PM wanted to see as part of her industrial strategy?

Mrs. Thatcher told him: "The survey was taken in the middle of the engineering dispute which cost this country dearly, both in orders and jobs."

It had indicated that one of the greatest deterrents to increased prosperity was increased unit labour cost. This was coming about partly because of strikes and pay claims that exceeded productivity increases.

Mr. Callaghan observed that we could now see the results that were flowing from free collective bargaining, which was the creed of the Conservative Party and some trade unions.

"Might I ask whether this forecast—which is so serious for the future of the country—is likely to be dispelled and whether the Government has any plans to do anything about it?"

Mrs. Thatcher retorted: "We stand absolutely by our strategy of incentives to those who are prepared to work barder. We condemn totally those who wish to take out more than they put in by increased effort.

"It is they who are responsible for unemployment and will be responsible for losing Britain orders at home and abroad."

Mr. Healey intervened to ask whether she had read the account of the meeting between the British Institute of Management and the Chancellor of the Exchequer. He said the BIM had fully endorsed the CBI survey—and bad also pointed out that financial measures introduced since the election risked leaving managers worse off and with lower incentives than before.

Tersely, Mrs. Thatcher observed that the CBI and BIM would still prefer to support Sir Geoffrey than Mr. Healey.

Mr. Dennis Canavan (Lab. Stirlingshire W) asked her to comment on the speech in which Mr. Heseltine bad threatened that public sector workers would lose their jobs if they put in claims of 15 to $17\frac{1}{2}$ per cant at a time when inflation was likely to increase to 20 per cent a year.

Workers performing a valuable public service for less than £50 a week were angered by Mr. Heseltine's "provocative lectures," he said. But Mrs. Thatcher maintained that Mr. Heseltine was trying to put across a responsible and moral line.

"National and local governmant have to live within their means," she emphasised. "Anything else would be both thoroughly immoral and reprehensible."

An allegation that a "disgraceful political game" was being played by some Labour local authoritias, came from Mr. Michael Ancram (C Edinburgh S).

Mrs. Thatcher replied: "I hope that ratepayera, if faced with greatly increased demands for rates, will look carefully to see exactly where local authorities are spending the vast sums of money at their disposal."

Mrs. Margaret Thatcher

Richard Evans analyses proposals to update Commons procedures

MPs consider Parliamentary reform package

THE NEXT batch of reforms aimed at npdating procedures and giving Parliament more control over tbe executive comes before the Commons today.

In themselves they are relatively small beer, but taken as part of a package they form, in the opinion of Mr. Norman St. John Stevas, the Minister charged with implementing them, "the most important Parliamentary reforms of the century."

The first group of reforms, and potentially the most far reaching, involved the setting up of 12 select committees (plus one each for Scotland and Wales) to scrutinise the work of specific departments, including the Treasury, the Civil Service, industry, trade, employment and defence.

After a great deal of skirmishing over membership and the key issue of who should take the chair, names have now been submitted by the whips to the Commons Committee of Selection and the committees should be launched early next month.

The intention is to redress the balance of power more in favour of MPs and aginst the executive, and to create more opennes in Government.

Mr. St. John Stevas, with the memory of Mr. Richard Crossman's major but abortive reforms still fresh, has decided to take matters much more slowly and cautiously, and to gain as great a consensus as possible before changes are proposed.

The current batch, also based on the 76 recommendations of the Select Committee on Procedure chaired by Sir Tom Williams (Lab, Warrington) which reported last year, is concerned with organisation of the sessions and sittings of the Commons.

There are varions minor recommendations of procedure committees since 1975.

The most novel recommendation is that speeches by back benchers should be restricted to ten minutes between 7 pm and 8.50 pm when there is great pressure too speak.

It will be up to the Speaker to decide when to introduce the limit, which will be confined initially to second reading debates.

The most important recommendation on sittings is for the Friday session to start and end earlier. Instead of 11 am to 4.30 pm it would run from 9.30 am until 2.30 pm to enable MPs to leave earlier for their constituencies. There would be a special provision for interrupting bnsiness at 11 am for statements.

After the disastrous Crossman experiment of morning sessions, there is no intention of introducing morning sittings during the week.

Many MPs, especially on the Government benches, have other jobs and professions to follow in the morning and would strenuously oppose a change in hours.

Another reform would give more chance of success to Private Members' Bills by permitting them to be referred to a second reading committee. But there would be safeguards to ensure that they did not take precedence over the measures of the six MPs who top the ballot for Private Members' Bills each session.

A proposal that the routine motion before each recess should be dropped could be opposed by some backbenchers as it gives them an opportunity to speak on virtually any topic.

But one reform that should please Opposition parties is a proposal to allow them to vote on the motion for supply day debates—when they choose the subject.

At present, because of the effect of a Crossman reform, there is a vote only on the Government amendment and this does not always give an accurate picture of Opposition strength on a specific issue.

There is also a proposal to allow Opposition leaders more opportunity to table amendments to the Queen's Speech.

On standing order nine, the means by which MPs can seek to force an immediate debate on an important topical subject, there is a recommendation that backbenchers must get the Speaker's agreement first.

The intention is to prevent too many MPs from delaying business by spurious demands, but it could be resisted by some backbenchers.

The next stage in the reforms will involve consultations with the political parties and with the 120 new MPs to see if a consensus can be reached on Public Bill procedure, involving the taking of evidence in public, delegated legislation, and European Community legislation.

The consultations will be launched by Mr. St. John Stevas on all three subjects simultaneously, and the hope is that recommendations can be put to the Commons before the end of the session.

Immigration changes condemned

LABOUR and Liberal politicians joined immigration organisations yesterday in condemning Tory proposals to further restrict immigration and the settlement of refugees in Britain.

Mr. William Whitelaw, the Home Secretary, announced on Monday night that husbands and fiances would be barred unless the women involved were born in Britain.

The move was widely described today as racist and sexist. Lord Avebury, Liberal spokesman on immigration and race relations, said he was "sickened and disgusted" by Mr. Whitelaw's decision to shut the door to Latin American refugees.

A Labour Party statement said: "Providing refuge to the victims of repression and torture is one of the few practical ways of expressing our commitment to human rights."

● MURRAY CRITICISED: TUC leader Mr. Len Murray was criticised yesterday for taking part in the weekend demonstration against the Abortion Amendment Act. Mr. Alan Clark (C, Plymouth) urged Mrs. Thatcher to remind him that such an overtly political act was outside his responsibilities to his members.

● DRUG DECISION: Barbiturates are to be brought within the controls of the Misuse of Drugs Act 1971, Lord Belstead, Home Office Minister, told peers last night. Measures would be brought forward when the Government had sorted out forensic scientists' capacity to play their part in the controls.

● CAMPAIGN DROPPED: Lord Longford last night abandoned his attempt to secure a new compensation deal for victims of violence. His Private Member's Bill would have awarded compensation to the victims of family violence.

Hugh Routledge.

Chairman Hua of China meets Mr. John Nott, Trade Secretary

PM evasive about Euro-Budget hopes

BY JOHN HUNT

THE PRIME MINISTER yesterday refused to put a figure on the amount by which she hopes to reduce Britain's EEC Budget contribution at the Dublin summit.

Mr. Robert Kilroy-Silk (Lab. Ormskirk) warned that she would have "failed miserably" if she does not get a reduction of £750m in the UK contribution.

Mrs. Thatcher told him: "It is most unwise to put a figure in advance on anything we hope to get out of Dublin. We are going for a broad balance between contributions and benefits—a broad balance in our net contributions."

Mr. Ron Leighton (Lab. Newham NE) said the whole country was behind her on this issue and did not want to see any signs of weakening.

He hoped that after her talks with Chancellor Helmut Schmidt and President Giscard d'Estaing "the Iron Lady will show no signs of metal fatigue."

There were cries of "What are you going to do?" as she sidestepped the question by observing that for once Mr. Leighton was following in her footsteps.

In other exchanges, Mrs. Thatcher said there was no question of members of the European Parliament getting privileged treatment to go through British customs controls without examination.

Mr. Peter Emery (C. Honiton) asked about reports that such special privileges were to be given.

He asked her to make it clear that MPs had no different privileges to any other citizen of the UK and should not be given any form of diplomatic status.

Searchers' powers queried

By Our Parliamentary Correspondent

AN INDICATION was given by the Prime Minister yesterday that the Government intends to reduce the powers of various inspectors to enter private premises to examine the affairs of small businessmen.

Mr. David Atkinson (C. Bournemouth E) told her that a report from the National Federation of Small Businesses showed that 201 Government inspectors possessed 252 powers of entry into private homes.

He called for a detailed inquiry into every one of these and suggested that they should be covered by a code of practice.

Mrs. Thatcher agreed that the Federation has produced a most valuable report.

The Government must take it seriously with a view to reducing the number of occasions on which inspectors could gain entry.

Government neutral on legal report

THE GOVERNMENT yesterday adopted a strictly neutral stance on the controversial Royal Commission report on legal services published earlier this month. Sir Michael Havers, Attorney-General, signalled no immediate action on any of the 300 recommendations in a Commons statement.

The report said in general lawyers did their jobs competently, were not overpaid and it opposed drastic changes in the way the profession is run.

But there was a row over the report's view that lawyers' near-monopoly of conveyancing should be strengthened and that there should be more support for law centres.

Sir Michael's statement that the Government had not made up its mind whether any of the proposals should become law prompted some MPs to ask him why he had bothered to make a statement.

Sir Michael said there must be a "period of reflection and consultation" before any decisions were made.

Tory MPs claimed the report vindicated the legal professions, but Labour MPs called for action.

Mr. Bob Cryer (Lab, Keighley) said: "If nothing is done on the argument that lawyers represent a tiny elitist closed shop, while the Government brings in legislation on ordinary trade unionists, they will be accused of operating double standards."

He was supported by Mr. Ken Weetch (Lab, Ipswich) who said the report's recommendation to "tighten the solicitors' closed shop" on conveyancing was "nothing short of a disgrace."

"Far from tightening these restricted practices, this is the very area, consistent with the Tory Party's manifesto, that more freedom of choice and competition are needed."

Former Attorney-General Mr. Sam Silkin said the most important part of the report was its support for law centres: Sir Michael should make sure money was provided to pay for these.

Greek entry to EEC welcomed

BY IVOR OWEN

THE IMPENDING enlargement of the EEC makes early agreement on reducing Britain's net contribution to the Community Budget still more imperative, the Government heard yesterday from both sides of the Commons.

But MPs welcomed the accession of Greece, which will become effective in January 1981.

In moving the second reading of the European Communities (Greek Accession) Bill, Sir Ian Gilmour, Lord Privy Seal and chief Foreign Office spokesman in the Commons, stressed that the efforts to secure a fairer budgetary deal for Britain "must be successful."

He pointed out that agreement on a reduced net contribution by Britain would also mean a corresponding reduction in the cost to the British taxpayer of Greece becoming the tenth member of the EEC.

Mr. Peter Shore, Labour's shadow Foreign Secretary, maintained that enlargement of the Community strengthened the case for reforming virtually all EEC institutions and policies.

Apart from the Budget and the Common Agricultural Policy, changes were also needed, he said, in the Community's competition, regional and industrial policies.

Sir Ian, who reminded the House that Portugal and Spain were waiting to follow Greece into the EEC, was the first to point to the added strains which the absorption of three relatively less prosperous economies would have on existing Community policies.

But he emphasised that in the Government's view the financial and economic cost of enlargement was outweighed by the political gains to Western democracy of a larger and stronger Europe.

While reaffirming the Opposition's welcome for the accession of Greece, Mr. Shore said there was no doubt that her entry, particularly if followed by that of Portugal and Spain, would mean greater support for the existing CAP mechanisms.

Greece, Spain and Portugal would also be major claimants on the regional and social funds.

Mr. Shore contended that enlargement would bring about an increase in Community expenditure, and further increases in the already swollen EEC budget.

He also foresaw pressure for changes in Community practices, including new attempts to secure the introduction of majority voting in the Council of Ministers.

Mr. Shore warned that the Opposition would resolutely resist any departure from the existing practice which enabled vital national interests to be safeguarded by the use of the veto in the Council of Ministers.

As for the effect of enlargement on the Budget, he believed that Britain's net contribution, already £1bn this year and expected to rise to £1.5bn in 1983, was likely to soar still higher.

"This makes it all the more essential that we secure a really massive change in Britain's contribution to the EEC, and in my view a massive change in the whole method of financing the EEC."

Mr. Shore called for basic reforms in the European treaties, so that they were no longer tailored to the needs of the 1950s and 1960s.

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U.S. ban on thirsty cars: the costs to the makers

By KENNETH GOODING, Motor Industry Correspondent

THE DECISION of the U.S. authorities to put car manufacturers in the front line in the battle to save oil has already revolutionised the world's motor industry. It was a major contributor to Chrysler's withdrawal from Europe and other parts of the world. It was certainly a factor in American Motors' decision to welcome Renault of France as an associate in America.

As for the other U.S. motor companies forced to make smaller cars and spend heavily in doing so, Ford and General Motors are now setting up world-wide component manufacturing networks to spread the enormous cost over as large an output as possible.

The European motor industry has by no means remained untouched by all this but so far the moves to make American cars more fuel efficient have not created exceptional problems. After all, European manufacturers have been operating in countries where the price of oil was relatively high even before the 1974 crisis.

But even the Europeans will find it difficult to meet the U.S. requirements in the 1980s — by 1985 the average performance of all cars on American roads will have to be 35 miles per Imperial gallon.

U.S. authorities are also determined that manufacturers do not save oil imports at the cost of more deaths or serious injuries on the roads. So increasingly stringent safety regulations are being introduced band-in-band with those covering fuel economy.

On top of all this the environmental lobby has won legislation to control the pollutants cars push into the atmosphere.

It all adds up, in the words of one European car maker, "to the biggest non-tariff trade barrier in history." For example, it now costs BL £1,000 for each car sold to put its vehicles through the U.S. test procedures.

What gives the European manufacturers sleepless nights is the prospect that EEC legislators might follow the U.S. lead, perhaps on the basis that "you can do it for America, you should do it for Europe too."

So they will welcome the results of a study by the Harbridge House consultancy group which comes to the conclusion that the cost of the U.S. fuel economy programme is far greater than forecast, the energy savings are far lower and that the impact on American society is likely to be painful.

The study was funded by General Motors in the U.S. but Harbridge House insists it was agreed that the analysis would be wholly independent of GM influence and the opinions expressed are entirely its own.

It points out that the expectation of the U.S. Government, when late in 1974 it began the programme, was that by 1985 more than one third of all the gains from America's energy conservation programme would be contributed by meeting passenger car fuel standards.

Fuel economy

The forecast was—and is—that by 1985 some 600,000 barrels a day of oil will be saved by the fuel economy legislation, or roughly 6 per cent of the 18m to 19m barrels a day consumed in the U.S. By 1995 the savings should reach around 25 per cent, or 2.5m barrels a day, of a more or less similar demand, according to the U.S. authorities.

On the experience of the last four years, however, the consultants state categorically that the current programme would contribute only gradual and small improvements in the energy consumed by the U.S. car fleet. "Improvements are not likely to exceed 1 per cent a year."

Harbridge House recalls that Congress originally expected the value of energy conserved through the economy programme vastly to exceed the costs involved. But it now appears likely that the costs may exceed the savings.

The U.S. authorities in 1974 estimated that an incremental annual investment of about $200m, would be needed if the car makers were to achieve a 33 per cent improvement in fuel economy over a five-year period.

It is now clear that the capital investment associated only with increasing fuel economy levels from 19 miles to the U.S. gallon in 1979 to 20 mpUSg in model year 1980 (which began in September) will be of the order of $2.5bn to $3bn. During the lifetime of those 1980 cars the fuel saved, based on a retail petrol price of $1 a gallon, will be worth only $3bn.

The consultants reckon that the car makers have consistently underestimated their capital needs and may still be doing so. But based on General Motors' and Ford's most recent forecast of 1979-80 capital investment, Harbridge House estimates that the internal generation of capital at the two companies — assuming no economic recession — will fall $2.9bn short of needs.

This shortfall could probably only be met by cuts in dividend payments unless the companies looked for capital by borrowing, the issue of new shares or sale of assets.

"However, if a recession of half the magnitude of 1974-75 were to occur, it would probably triple GM's and Ford's net capital shortfall. Under these circumstances the capital needed for both companies would be about $11bn, or more than one-fifth of the proceeds of all new securities issued by all U.S. companies in 1978."

The U.S. authorities assumed, too, that the fuel economy programme would allow smaller companies to gain market share through innovative breakthroughs. But the legislative and regulatory framework is having exactly the opposite effect.

For example, Chrysler's problems stem from the efforts it must make to comply with both the fuel economy measures and safety legislation when they reach a demanding peak in 1981. And would American Motors have turned to Renault of France for financial help without these pressures?

As Harbridge House points out, "the rapid and frequent reshaping of product lines and the development of technological 'fixes' has proved to be much more demanding of capital resources than ever imagined. The burden of this development falls somewhat disproportionately on the smaller companies."

While GM can spread the cost over a larger output of cars—and has less trouble raising the cash—the other groups do not have the same advantages. "Indications are emerging that even a company as large as Ford may not be able to maintain a pace of investment comparable to that of GM in North American passenger car programmes."

As for the impact on the U.S. economy, the consultants suggest that in the short term American companies are having to import machine tools because the local industry is short of capacity. More important, the shortage of tooling and capital problems has led to unprecedented overseas purchases of expensive four-cylinder engines and front-wheel-drive transaxles.

Harbridge House suggests that the car companies in future will have to "force the mix" or devise marketing strategies to encourage customers to switch away from large cars. But there is clear evidence of the resistance of buyers of large cars to submit to such forcing.

"Purchase deferrals among large car buyers can be expected to result in overall declines in automotive production in the range of 5 to 10 per cent for at least two years, losses of employment and consequent multiplier effects throughout the economy."

But that moment comes, according to the consultants, when the corporate fleet average must go above 20 miles to the gallon.

Severe risks

So far the gains in fuel economy have been achieved at a relatively moderate cost and relatively minor economic risk. "Future gains will be accompanied by sharply rising costs and by severe socio-economic risks," warn the consultants and they suggest the time has come for the U.S. Government to consider other ways of cutting the nation's bill for oil.

As far as the European car companies are concerned a pause for thought would be very welcome. But so far there are no signs that the U.S. authorities are weakening in their resolve to make the motor industry meet the targets already fixed.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Insulation of cable ducts

WHEN fire-proof, gas- and water-tight cable-ducts are being installed, the entry points to the ducts must be sealed off before casting.

AEG-Telefunken has developed a new method wherein synthetic material strips are inserted at the entry points between the cables. These strips swell after being wetted with an impregnation liquid, thus forming a solid retainer for the sealing compound which is pumped in afterwards.

This new method will reduce the labour required, as well as material costs, for any electrical plant where cable-ducts have to be cast, e.g. on board ships and in multi-storey buildings.

Up to now, two methods have been employed for the construction of front seals on ducts. One employs retaining compound made by mixing of two components, placed in layers between the single cables and the duct wall.

The alternative was to use precisely prefabricated fitting pieces, built-up and pressed into place using special frames and taking account of cable arrangements as well as the individual cable diameters.

With the new method developed by AEG-Telefunken, the retainers are built-up by using synthetic material strips as standard expansion modules. Any shapes of cable-ducts, rectangular round and running horizontally or vertically can be easily closed ready for injecting.

The modules have comb-type slots and can be shortened as desired without tools. The retainer is built by placing modules round the cables, flush with the outer edge of the duct. In larger apertures several modules can be put together.

After they have been put in place, they are moistened with the impregnant and swell, forming a fire-proof and stable layer ready to take the sealing compound within a few minutes.

When the seal is formed at the further end, the duct is filled with the standard sealing compound (E· 795). This material is water soluble in non-hardened condition and it can be pumped, which is recommended especially for "difficult" ducts.

Details from AEG-Telefunken, Fachbereich Schiffbau, Steinhöft 9, D-2000 Hamburg 11, German Federal Republic.

Makes it stick quickly

A TWO-PART acrylic adhesive which does not require accurate metering or mixing with an activator, and cures at room temperature so that assembled products can be handled within minutes, has been launched in two formulations, Evo-Stik Bondall 7162 and 7163, by Evode, Common Road, Stafford.

Adhesives of the same basic formulation have already achieved extensive acceptance in the U.S. for the assembly of aircraft and aluminium-bodied cars.

Composed of monomeric materials which polymerise in the glue line to become an integral part of the adhesive assembly, Bondall in some ways resembles polyurethane and epoxy adhesives but differs from them technologically by using free radical cure sites rather than curing by addition polymerisation reactions. This means, says the company, that carefully metering and accurate mixing are not necessary to achieve full performance.

Elimination of mixing simplifies application of the adhesive and also minimises waste, and setting begins when the adhesive, applied to one substrate, is brought into contact with an activator applied to the other.

Range of materials on which the product can be used includes steel, aluminium, wood, pvc, carbon fibre, glass, nylon, Perspex, concrete and leather.

The 7162 has a higher heat resistance (about 120 degrees C against 100 degrees C), a viscosity of 200 poise against 2,000 poise, less gap filling properties and a longer setting time—a best of three minutes compared with 1½ minutes for 7163 which has a higher impact/shear strength but a lower peel strength and lower water resistance.

● METALWORK

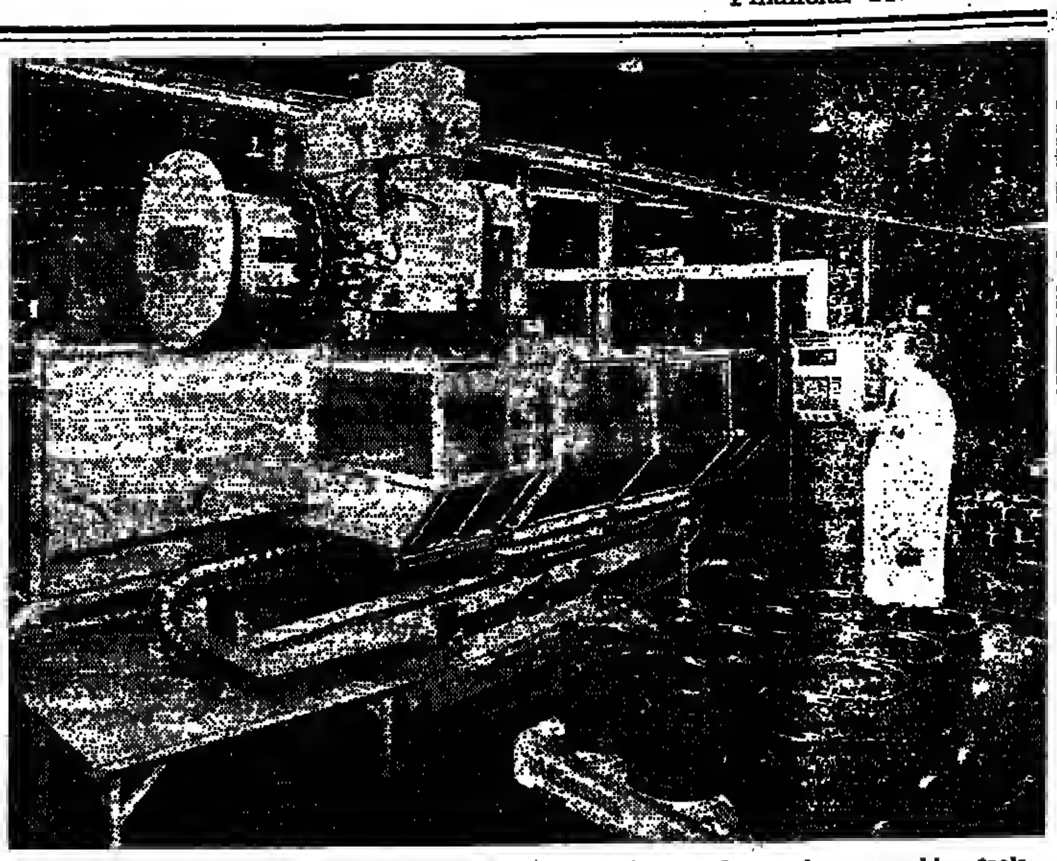
Straightens round parts

BELIEVED TO be the only one of its kind currently available to straighten cylindrical parts and shafts with or without multiple diameters before or after hardening is the BMI 300 machine from Addison Tool Co., Westfields Road, Acton, London W3 (01-993 1661).

It boasts high production—straightening cycle takes only four to five seconds—and has complete uniformity and ease of use in an area traditionally labour and operator skill intensive.

Cylindrical parts are accepted with primary diameter from 1.6 mm to 19 mm, although flanges and sub-assembled parts, such as motor armatures may be much larger.

Choice of three models provide capacity for lengths of 305, 457 and 610 mm and tolerances of plus or minus .001 inch are normally achievable.



This Kearney, Trecker Marwin CNC machining centre is one of several new machine tools which have been installed as part of a £3.6m expansion scheme at Hamworthy Engineering's Poole, Dorset, plant. This machine employs over 20 different tools which currently are being used for machining gearbox casings (in foreground).

● COMPONENTS

Simplified tape drives

ADVANCES IN vacuum column tape drives to be seen at Compec '79 (Olympia, November 6-8) are embodied in the Cipher 900X drives, quiet enough for office use.

Taking 60 per cent less power than standard designs, and giving positive tape control, they require neither cooling fans nor special tools. A powerful Z-80 microprocessor controls all functions. Tape snap cannot occur because the Z-80 maintains total servo control—even during critical load and unload—gently taking up the slack.

Even in the event of a power failure during high speed rewind, the tapes are brought to a controlled stop. Any variation in tape position is automatically corrected, while the tape's tension is held constant.

Low heat generation ensures servo reliability, and automatic diagnostic and test features have been designed to avoid machine or tape damage.

The drives have been designed with three-inch wide vacuum columns, but maintain the 19 ins x 24 ins drive configuration.

Manufactured by Cipher Data Products of California, they are available as a 75 ips model, which has a single three inch column placed vertically, and a 125 ips model with two columns arranged in L shape.

Both models operate at 3,400 rpm—against the 10,000 rpm motors in most drives—so the 900X pump draws only 150 watts. Elimination of the belt drive has ended the cause of most maintenance problems normally encountered with drives.

Rack Data, Rose Industrial Estate, Cores End Road, Bourne End, Bucks. 06285 27117.

● VENTILATION

Keeping it all under controls

CONTROL OF heating, ventilation, air conditioning and other energy consuming equipment can be achieved it is claimed, by using ADELE, a system devised by Aulecon Equipment Company of Galileo Close, Newnham Industrial Estate, Plympton, Plymouth PL7 4JW (0752 339718).

Additional facilities that may be incorporated into the system but not directly concerned with energy conservation include security and alarms, clocks location and reporting of equipment faults.

ADELE, (Aulecon decentralised energy limiting equipment) consists of a master station with a mini-computer for overall system management. Peripherals attached to the mini-computer include a hard disc memory providing for the storage of up to a year's programme, a second hard disc memory for continuously recording plant status and energy use, a visual display for operator supervision, a printer for print-out of plant status and energy use levels on programme or operator call and a keyboard through which the operator controls the system and inserts temporary programmes.

Additionally a "floppy" disc memory is available for general operator use, in particular when preparing auxiliary sub-programmes.

Remote units consist of Aulecon microprocessor process controllers each dedicated to plant and energy control and monitoring over a given local area. They may be individually programmed or programmed from the master station. Manual intervention facilities are included, such intervention being reported back for record purposes.

● TEXTILES

Carpet weaving machine

OVER THE past two decades there has been spectacular growth in carpet manufacture. Weaving has largely been displaced by the simpler and higher speed tufting process which essentially is a form of sewing a pile into a backing fabric.

Both loop pile and cut pile carpets are made by this process. Despite this there is still a substantial production of both woven Wilton and Axminster carpets, particularly in Britain. With this there is a feeling for woven carpets which many people believe are superior in some way to the tufted product.

This, however, is a moot point, but the simple fact remains that there is still a useful market for the woven product.

A new carpet weaving machine has been developed in Switzerland by Sulzer (British representative Sulzer Bros. (UK), 63a Alderley Rd., Wilmslow SK9 1QN, 0625 526268) which instead of using shuttles, inserts yarn by means of small projectiles behind which is trailed the weft yarn.

Called the PU-T machine, it is able to weave a single colour carpet of some 4690m width, at a speed of some 220 rpm, which is a weft insertion rate of 975 metres/minute.

Already one of Britain's leading carpet manufacturers is understood to be evaluating the potential of this new machine which makes a plain, loop pile carpet at very high speeds. The fabric, once woven requires only very light back-coating with latex to bind the structure and give a non-fraying carpet.

Advantages claimed for the new machine include a high weft insertion rate, even across wide widths; high operating efficiencies; low thread breakage levels; short setting-up time; minimal factory space requirements and a pile height which may be adjusted from as little as 2 mm to a maximum of 7 mm, by a simple spindle adjustment.

As many as six machines may be allocated to a single weaver.

● DATA PROCESSING

More microprocessors

ANNOUNCEMENTS HAVE been made by both Motorola and AMI Microsystems of further microprocessor developments.

Motorola reports that its recently announced MC68000 and the MEX68KDM design module are now in production and being released for sampling throughout the world.

Designed to respond efficiently to high level instructions, the 68000 is described by the company as a major step towards cutting the cost of programming, at the same time offering a challenge to the sophisticated functions of the minicomputer.

The device is already being designed into equipment by over 100 users in Europe. It has 32 bit internal processing power and is supported by a full range of development aids. Motorola is at Empire Way, Wembley (01-902 8836).

AMI Microsystems has announced a version of the 6800 processor which is able to execute an instruction in 800 nanoseconds—claimed to be 200 ns faster than any other micro currently available. Called S68H00, the device is 2.5 times faster than the standard 6800 and is particularly suited to applications such as high speed signal processing in instruments and numerical controllers. It uses eight bit parallel processing. More from 108A Commercial Road, Swindon. (0793 31345).

Disc data easily edited

LATEST mini-disc data recorder from Extel has powerful editing facilities which enable more flexible data manipulation in business systems and in data logging applications.

Known as the 951EX Microdisc, the system uses RS232c communications protocol and a high reliability Shugart flexible disc drive. Over 200,000 characters can be held on the miniature flexible disc.

In addition to full add, delete and replace editing of file contents, the unit has a number of additional facilities.

For example, a "global search" feature enables a full disc search for a character string to be carried out. Another facility called "free-space indication" gives a read-out of the numerical size of the free space available after every disc directory read-out.

The 951EX incorporates internal micro-based software stored in resident memory so that no operator loading is required; a self-initialising facility eliminates the need for pre-formatting of the discs.

More from 73, Scrutton Street, London EC2A 4PB (01-739 2041).

CBI QUARTERLY SURVEY OF INDUSTRIAL TRENDS REPORTED BY JOHN ELLIOTT, INDUSTRIAL EDITOR

Manufacturers turn sharply pessimistic as orders fall

A GENERAL decline in the optimism of manufacturing companies was reported yesterday by the Confederation of British Industry.

Pessimism was voiced on almost all the subjects, including investment, exports, prices and liquidity, which are regarded as key industrial indicators.

In a report on its quarterly trends survey, the CBI said the prospect was worrying for the medium-term as well as the short-term, particularly on items such as productivity and profitability.

The survey shows a "significant deterioration" in optimism about general manufcturing prospects, although small companies are less pessimistic than large concerns.

Investment intentions have weakened considerably. Corporate liquidity has worsened sharply and a further deterioration is expected.

Optimism about export prospects has also declined rapidly. Prices are quoted as a likely constraint to new export orders by a greater number of companiea than at any time since 1964 when the survey first covered the subject.

In the past four months, trends in the volume of new orders, ontput and deliveries bave been weak. Only limited improvement is eovisaged for the next few months. Capacity utilisation bas fallen to the levels of the end of last year.

Depressed

Tbese are tha main points reported to the CBI by more than 1,800 manufacturing companies between September 28 and October 17. Tbe engineering pay dispute bad not been aettled in the first part of this period and may therefore bave influenced the replies.

Commenting on the results, the CBI says: "The forward looking indicators from the survey do not suggest any great recovery in activity in the sbort term, even from the depressed levels of the third quarter.

"Moreover, those forward looking results which provide a pointer to wbat might happen beyond the next few months, such as those for optimism, order books, and the forecasts for investment and liquidity, suggest that the outlook for next year is also likely to be fairly depressed."

The detailed returns oo the survey show that the weakening of confidence was reported by 41 industries out nf a total of 44. Ferrous metals showed the biggest fall in confidence.

Overall, 47 per cent of the respondents were less optimistic than they were four months ago and 7 per cent more optimistic, making a negative balance of 40 per cent compared with 22 per cent in July.

"This decline in optimism, while marked, is not as pronounced as those of five years ago which preceded the sharp fall in msnufacturing activity in 1975," says the CBI.

The balance of companies reporting a fall in the volume of new orders is the worst since the question was first asked in July 1977. Weaker demand is most noticeable among larger companies and for prodncers of intermediate gooda, especially ferrous metals and man-made fibres.

The only report of significantly higher demands came from manufacturers of electronic goods.

The balance of companies expecting a further decline in orders in the coming four months is 18 per cent. This compares with 10 per cent in July, which waa the first time since July 1977 that a balance of companies expected fewer orders.

Weaker demand wss forecast by a wider range of industries, notably man-made fibres, ferrous metals, shipbuilding and marine engineering.

Capacity utilisation, wbich improved rapidly in the April and July surveys, has deteriorated to the level of January. Now 61 per cent of the companies say they are working below a satisfactory rate of operation compared to 51 per cent in July and 55 per cent in April.

This probably partly reflects that during spring and summer companies were recovering temporarily from last winter'a strikes. There were slso adverse effects during the latest survey period from the engineering strikes.

Intentions

The balance of respondents reporting a decline in the volume of ontput increased to 17 per cent. But a balance of 10 per cent reported increased output in July, making a net change of 27 per cent.

A sbortage of orders and sales remains the most serious constraint to output (quoted by 74 per cent of the participants), althougb 20 per cent said that skilled labour sbortages were the main constraint.

Investment intentions have declined sharply compared with a gradual fall off earlier in the year from the peak of aarly 1977.

"On the basis of these results, the total volume of private manufacturing investmeot is forecast in 1980 to decline by between 0 and 5 per cent on the 1979 level.

"This forecast assumes that assets acquired througb leasing, a practice that is becoming increasingly widespread, are included in the figures for manufacturing investment. In the National Accounts, Investment is categorised by ownership rather than by use so that the official figures may understate the level of actual manufacturing investment."

On employment, the survey points to rednctions in the numbers employed both in the past four months and over the coming period.

There has been a further worseoing in tbe balance of companies reporting declining rather than increasing confidence about export prospects, although there was a greater swing in July. Pessimism is more widespread in the intermediate goods' sector than in the capital and consumer goods areas.

Prices relative to those of overseas competitors have become increasingly important as a constraint in obtaining new export orders, and is now quoted by a record number of companies.

"Tbis may be a reflection of the lagged effects of the buoyancy of sterling earlier thia year, or more speculatively, the possibility that, in the past, price competitiveness has been maintained through slimmer export margins, but that once tbe slack has been taken np higher costs have to be matched wbatever the impact on competitiveness," says the CBI.

Liquidity has significantly worsened in the past year, the CBI said in a section of the survey which appears every six months. "This deterioration is noticably worse than forecasts six months ago and represents the largest decline since the April 1975 survey."

Smallest

The worsening is most apparent for companies employing more than 500 people. The smallest companies report no change. Of the main industrial sectors capital goods producers appear to be the worst sffected.

Engineering companies have also "experienced a greater than average deterioration in liquidity."

Looking ahead, the CBI says that "some further deterioration in liquidity is forecast, with larger companies and the capital goods sector again expecting a relatively poor financial position—the smallest firms on balance expect a minor improvement."

CBI Industrial Trends Survey: October 1979, No 74. Full results annual subscription £75 (CBI members £50), CBI, 21 Tothill Street, London SW1.

General replies

TOTAL TRADE—1,804 respondents. All 6gures are percentages on a weigbted sample. Figures in parentheses sbow the response to the survey carried ont last July.

	More	Same	Less
Are you more, or less, optimistic than you were four mooths ago abont the general business situation in your industry	7 (12)	45 (53)	47 (34)

Do you expect to authorise more or less capital expenditure in the next 12 mooths than you authorised in the past 12 months on:	More	Same	Less	N/A
(a) Buildings	17 (21)	36 (38)	37 (30)	10 (10)
(b) Plant and machinery	27 (34)	36 (39)	35 (26)	1 (1)

	Yes	No	N/A
Is your present level of output below capacity (i.e. are you working below a satisfactory full rate of operation)	61 (51)	38 (49)	2 (—)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present total order book is	13 (18)	44 (49)	41 (30)	1 (2)
	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finisbed goods are	20 (15)	53 (55)	13 (15)	14 (15)

Excluding seasonal variations, what bas been the trend over the past four months, and wbat are the expected trends for the next four months, with regard to:

	Treod over past four months				Expected trend over next four months			
	Up	Same	Down	N/A	Up	Same	Down	N/A
Numbers employed	15 (18)	49 (50)	35 (32)	— (—)	12 (13)	51 (58)	37 (28)	— (—)
Volume of total new orders	21 (30)	36 (42)	39 (24)	4 (4)	13 (17)	52 (52)	31 (27)	3 (4)
of which: Domestio orders	20 (32)	42 (46)	35 (20)	3 (2)	12 (17)	57 (57)	28 (24)	3 (2)
Volume of output	15 (26)	51 (59)	32 (13)	1 (2)	24 (22)	54 (58)	20 (18)	1 (2)
Volume of domestic deliveries	19 (35)	43 (48)	37 (17)	1 (1)	23 (23)	51 (57)	25 (18)	1 (1)
Stocks of: (a) Raw materials and brought in supplies	28 (30)	52 (51)	18 (17)	3 (2)	10 (13)	57 (62)	30 (22)	3 (3)
(b) Work in progress	23 (26)	57 (54)	14 (13)	6 (7)	13 (13)	56 (62)	24 (18)	7 (7)
(c) Finisbed goods	24 (24)	43 (44)	20 (18)	13 (14)	15 (13)	47 (54)	25 (19)	13 (14)
Average costs per unit of output	78 (78)	20 (20)	1 (1)	1 (1)	76 (77)	21 (21)	2 (1)	1 (1)
Average prices at which: Domestic orders are booked	62 (67)	34 (29)	2 (3)	2 (1)	62 (66)	33 (31)	2 (1)	2 (2)

Approximately bow many months' production is accounted for by your present order book or prodnction schedule:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
11 (11)	48 (44)	16 (18)	2 (5)	1 (2)	1 (2)	3 (1)	16 (17)

What factors are likely to limit your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
74 (70)	20 (21)	3 (5)	11 (15)	5 (2)	9 (9)	7 (4)

	More than adequate	Adequate	Less than adequate
† In relation to expected demand over the oext 12 months is your present fixed capacity	38	54	8

† What are the main reasons for any expected capital expenditure anthorisations on buildings, plant or machinery over the next 12 months:

To expand capacity	To increase efficiency	For replacement	Other (please specify)	N/A
26	60	50	4	11

† What factors are likely to limit (wholly or partly) your capital expenditure authorisations over the oext 12 months:

Inadequate net return on proposed investment	Shortage of internal finance	Inability to raise external finance	Cost of finance	Uncertainty about demand	Shortage of labour including managerial and technical staff	Other (please specify)	N/A
30	24	3	10	37	7	2	21

† The form of these qnestions bas been changed in this survey ao there are no comparable figures available from the July survey.

Export trade

Firms completing these questions hava direct exports exceeding £10,000 per annum. Number of respondents ...?...?...n/a?...

	More	Same	Less	N/A
Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago	9 (7)	50 (45)	41 (47)	— (1)

Excluding seasonal variations, do yon consider that in volume terms:

	Abova normal	Normal	Below oormal	N/A
(a) Your present export order book is	11 (16)	43 (44)	44 (36)	3 (4)

Excluding seasonal variations, wbat has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months				Expected trend over next four months			
	Up	Same	Down	N/A	Up	Same	Down	N/A
Volume of total new export orders	15 (24)	44 (47)	37 (26)	4 (3)	18 (17)	54 (52)	24 (28)	4 (3)
Volume of export deliveries	13 (31)	43 (45)	42 (23)	2 (2)	26 (28)	50 (47)	22 (24)	2 (1)
Average prices at which export orders are booked	48 (47)	43 (40)	8 (11)	2 (2)	56 (49)	36 (37)	6 (12)	2 (2)

What factors are likely to limit your ability to obtain export orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and import licence restrictions	Political or economic conditions abroad	Other
76 (69)	20 (14)	5 (7)	15 (11)	39 (37)	11 (12)

Scottish industry's confidence wanes

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SLUMP in optimism among businessmen north of the border continues, according to tbe CBI trends survey for Scotland.

Industrial confidence was at a low level at the time of the las tsurvey In July, but has fallen furtber with 31 per cent of companies saying they are less optimistic about the outlook. The engineering industry, bit by the recent national strike, was particularly depressed.

Nearly two-thirds of all companies reported that they were working below capacity and 18 per cent said there had been a decline in output since the last survey. Expectations for the level of production in the next four months are the worst since mid-1975.

Forty-one per cent of companies said that their home order books were below the level normally expected, and oearly half of the sudvey's respondents reported tbat expurt orders were down. High prices compared with those charged by overseas competitors were the main reason.

The survey also indicates that spending on new buildings and plant is likely to fall. A balance of 21 per cent of companies indicated that they would spend less capital than in the same period last year. A further 20 per cent reported that they intend to reduce the amount of money already authorised for new investment.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Putting the boot into French bureaucrats

BY DAVID WHITE

Daniel Raufast and one of his products

THE MAN the French Government put in to run its new Enterprise Creation Agency only seven months ago is already talking of leaving the job.

Daniel Raufast says he will give the job a maximum of one year: he wants to get back to running his own shoe company.

The agency's task is to help overcome the familiar problem of job creation: the big industrial companies creating few new jobs, and not enough new companies starting up to make much impact on the situation. The agency was to give guidance and co-ordinate initiatives. It was to have a small budget of FFr 40m (£4.4m) to put up as guarantees against bank loans for fledgling companies.

Aware that one of the main obstacles for entrepreneurs was France's manifold bureaucracy, the Government put in charge, not a fonctionnaire from one of the elite schools, but a self-made industrialist with only a basic formal education.

Raufast, who at 57, still likes to describe himself as "a desperate individualist," was chosen on the record of his company, Kickers. After nine years of existence, his personal business has 1,350 employees, annual sales touching FFr 400m (£44m) and is something of a household name, both in France and elsewhere.

More than that, it makes shoes, and shoemaking is one of the industries in France that is faring most conspicuously badly. Suffering from Italian and Third World imports, it has ejected 13,700 people, or one-sixth of its workforce, in six years.

Given the French proneness to fatalism, Raufast was put in to show what could be done.

Raufast thinks the Agency is a good idea. It is needed, he says, not so much in spite of the large number of organisations already dealing with small companies but because of them. Various bodies end up vying with each other for the major role. "There is an abundance of goodwill, and then everybody tries to pull the blanket over to his side."

If nothing much has been heard about the Agency since it was founded, it is because it needs time to become accepted. Other bodies have treated it with some suspicion, as competition, even an adversary.

Raufast's time has been spent making contacts with about 2,000 would-be founders of companies; they are mostly in light industry, with rather fewer in commerce and services.

The chairman's first impression, was: "I am astounded by the number of steps needed to get going." The first job, then, is to reduce and simplify procedures, and to provide a meeting point between those who have ideas and those who have means.

The banks, for instance, ask for too many guarantees, according to many critics. With its fund of government money, the Agency is entitled to cover up to 65 per cent of a bank's risk undertaking. The guarantee system can also apply to follow-up loans; companies often hit trouble after one or two years because their capital and reserves have not kept up with the development of the business.

Rumours of a row

Raufast is one of 15 people from industry on a board of 21—about three times the Agency's present office staff; the others are civil servants. He says he will probably see the job through until the Agency's national competition, originally set for November, but now put off till next spring.

Rumours of a row with Jean-Pierre Prouteau, the Secretary of State for Small and Medium-sized Industry, are steadfastly denied by Raufast. He says he really did not want the job in the first place, and turned it down twice before accepting. "I have better things to do," he says.

In the corridors of technocracy, he is like a fish out of water. He speaks with a touch of a throaty Parisian accent and with shoulder-shrugging disparagement when he says: "Things do not happen in France the way they do in America," and "The French have the impression that anything they're told is not true."

He tells of his first gaffe in office, a mischievous remark dropped at the National Employers' Council's top conference table, which nobody found funny. They have not, be says, invited him since.

He feels far happier in bis own business, and no wonder, for Raufast has been doing for children's shoes what Lévi-Strauss did for trousers.

Ten years ago, he was "watching, powerless, as my company disappeared." At that time, the family business in the Paris suburbs was making children's luxury footwear. The shoes had been selling badly. The number of shops it could count as clients had shrunk in a few years from over 1,000 to little more than 300. Raufast expected to file for bankruptcy in early 1970.

It was then, he says, that he realised people were not dressing up any more, but dressing down. "Instead of making shoes for going to Mass, I decided to make shoes for going to the country."

A name had to be found, recognising the value French youth still attaches to English-sounding words, preferably an Anglo-Saxon one. "I took a French-English dictionary and thumbed through till I saw the word 'to kick'." The word "kicker" was not actually in the dictionary, but, in the true spirit of creative *franglais*, he reckoned it must exist. Now, he admits, everybody thinks Kickers is an American brand.

Kickers has kept to a strict sportswear category, steering between the classic models (which Raufast claims the young no longer want) and sports shoes proper (the domain of Adidas).

The shoes have established their own style and a reputation for well-made robustness, which is perhaps why they are pricier than their competitors in the same bracket.

Kickers' sales, FFr 7m in 1970, were up to FFr 250m last year and are expected to be 60 per cent higher this year.

In France, M. Raufast aims to increase sales from 1.6m a year to 2.2m in two years' time. On the basis of a big promotion scheme he has condncted in Lyon, he reckons he can do it.

New countries, says Raufast, are showing the same enthusiasm that marked the first years in France. "It doesn't matter if we are taken for a U.S. company." In West Germany, Kickers sells 1.2m pairs a year, three-quarters as many as in France.

The name is the thing. In France, shoe-sbops are known, but shoemakers are generally not. Raufast, who spent four years as head of the Shoe Industry Federation, says France bas only 450 shoe firms left worthy of the name, and only 100 or so really on an industrial scale. Eighty per cent of them, he says, are known only to the retail trade. "If clients go elsewhere, they're done for—and that's the tragedy."

Kickers has worked on a small, identifiable, model range. Before 1970 the company had 120 models; others have 300 or 400, renewed twice a year. By giving incentives to its salesmen Kickers has reduced its range to 40.

The company has just introduced a scheme whereby 10 per cent of the shoes shops take are on a sale or return basis. This is to encourage them to huy and disprove the belief that they cannot make money with French shoes.

Will the boom go on? M. Raufast raises his eyehrows and shortens his neck: "I hope so . . ." How solidly estahlished can a fast-growing company be after only nine years? Rapid development has incurred heavy costs; the company made big investments last year. Pre-tax profits so far have been only 5 or 6 per cent. It is hoped that when the investment programme is finished they can reach that level after tax.

Labour conflict

With e workforce divided into small units, Kickers bas yet to have its first labour conflict. Its chairman can get away with being fairly dismissive about unions, which have so far not got a firm hold. Others have started to imitate Kickers, hut Raufast affects not to he worried. "As long as I'm copied, it shows that I'm in the swim."

In at least one Asian country, however, a competitor's shoes are being prodnced marked "Kickers—Made in France" and Kickers' own aales in Singapore have dropped 60 per cent as a result. This problem is still to be dealt with.

As for the product itself, he reckons that as long as children want the shoes, mothers' opinions will he largely irrelevant. Raufast has to sink or swim with the brand image bis products bave with the consumer himself.

But that bolds true not only with sboes. Kickers is now going into clothes, aiming for the same sportswear slot. Raufast is ready to bet that in four years' time he will be selling as much in clothes as in shoes. By that time, according to his plan, the building of the company will be done. In 1982 or so he intends to go public, to sell off 40 per cent of the capital and to work a little less.

The man delights in the nitty-gritty of his husiness and wants to pass on his enthusiasm. "I know more about this," he says, "than about creating enterprises." Except, that is, for five people he has just belped set up, initially as subcontraclors. Bnt they are entered on his personal tally, not the Agency's.

Employment—challenge for the Eighties

BY JASON CRISP

ONE OF the most gloomy and uncertain prospects of the imminent 1980s must surely be for employment. In Britain, while economic growth is slowing almost to a halt, the number of people seeking employment will increase. In addition, the new micro-electronic technologies look like sloughing off more jobs than they will create, in the short term at least.

The new technologies will anyway accelerate the trend of a changing structure of employment. The demand for unskilled and semi-skilled jobs is declining, while there is a growing demand for technical, professional, and managerial skills. Added to this uncertain mix will he a workforce with higher educational attainments, and consequently higher expectations.

Yet strong labour laws, enacted in many countries during the past decade, protect employment to a greater extent than ever before.

The role of the personnel manager has grown enormously in importance over the past decade, hut it looks as if it must grow still further, according to *What Next at Work?* by Alastair Evans, just published by Britain's Institute of Personnel Management.

Evans argues that a great number of rapidly changing factors is going to affect organisations. He rightly points to the common folly of singling out one particular factor, such as the micro-chip.

"Organisations do not exist in a vacuum: the economic climate, social attitudes, technology, legal and political forces are constraints which all impinge on their success or failure. The challenge for organisations is to adapt policies and practices to meet the changing environment. Recent history is littered with examples of organisations which have failed to adapt old products to new market conditions or firms which have failed to adopt a more efficient technology, with low productivity and lack of price competitiveness being the almost invariable result," he says.

"For organisations which fail to adapt to the key changes in their environment, the results can be debilitation, even demise. Less obvious, but nevertheless important, is the impact of organisational effectiveness of changes in the environment relating to people in organisations."

The major part of the book analyses those changes in the environment which will influence work in organisations. The analysis is not original—it does not claim to he—but Evans and the IPM do say it is the first time all the factors have been drawn together in one book, and in a fashion which can be understood by the average manager.

Evans cites four major developments which will affect organisations. First, that the high levels of unemployment will be unlikely to diminish—indeed, he points out that, while the population of the UK is likely to remain static during the next decade, tha size of the workforce will grow to "around 28m in 1986," compared with 25m in 1971.

Retirement

He estimates that between 1951 and 1986 the number of married women at work in Britain will have trebled to 7½m, that by the mid-1980s 40 per cent of the labour force will be women. During the early part of the decade there will be a fall in the number of people reaching retirement age, dne to the low birth rates after the 1914-18 War, but there will be an increase in the number of 16-to-19-year-olds entering work, with a peak in 1981.

Evans also looks at the effects on organisations of the accelerating pace of technological change, the pressures of high unemployment and the growing expectations of a better-educated workforce.

It is a useful analysis, which the average manager is unlikely to find presented elsewbere so concisely and free of jargon.

What companies can actually do in the light of these external upheavals is far from simple. Perhaps one of the most important points touched on in the book is the value of manpower planning.

Rising employment costs and the emergence of people at work as "fixed assets" make clear the critical importance of effective manpower planning, says Evans, as a way of controlling these costs and recruiting the number and calibre of employees needed to meet longer-term objectives.

"Not only do personnel managers need to become increasingly involved in a planning approach to personnel decisions, but they also need to get involved in the strategic planning decisions of the organisation as a whole," he states.

"The manner in which this is done will depend on how the organisation formulates such policies and takes decisions. In very large organisations, it is likely to be associated with the corporate planning department, in others such policies are likely to be formulated at board level, or, indeed, may not be formally expressed at all.

"The overall aim must be to improve the effectiveness of corporate planning and decision-making and avoid the all-too-frequent situation in which personnel functions are left to 'fire-fight' the manpower and industrial relations effects of decisions to which they have not been a part."

The book also says that the implications of technological change need to be thought through in advance, so that plans can be made for reductions in numbers or retraining in new skills before changes take place. This should help minimise the impact and the potential for conflict.

What Next at Work? A new challenge for managers. By Alastair Evans. Institute of Personnel Management, Central House, Upper Woburn Place, London WC1. £4.95.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Closing down a company

We have received the following from the Registrar of Companies in England and Wales:

"I feel that I must comment on the advice given in the Business Problems Column on page 15 of the Financial Times of October 17, in answer to e correspondent inquiring as to the simplest way to close down a company.

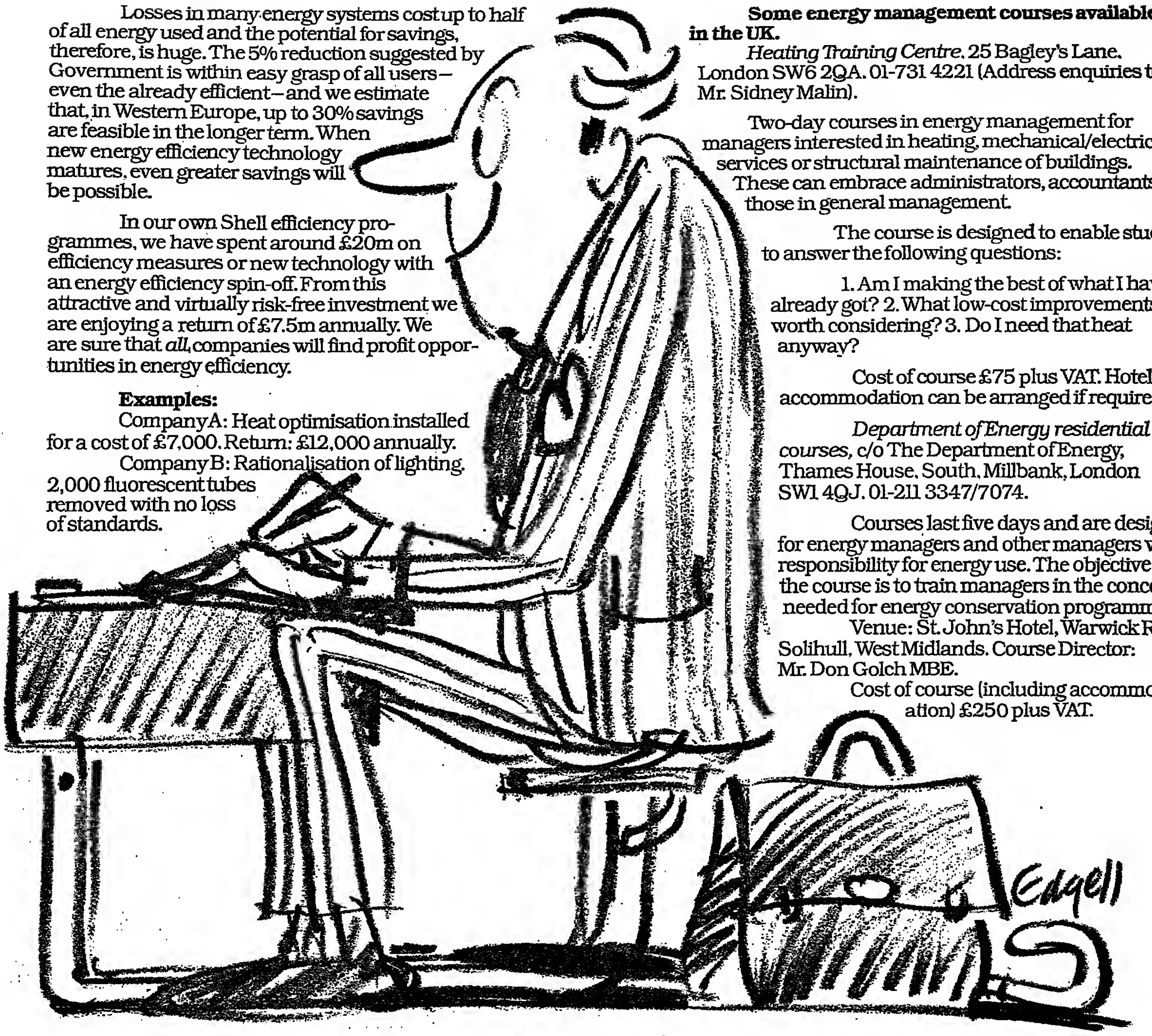
The implication of the advice given is that I am empowered to strike a company off for want of compliance. This is not so. I am only empowered to take action to strike a company off the register and to dissolve it under Section 353 of the Companies Act 1948 when I have reasonable cause to believe that a company is not carrying on business or in operation. That section of the Act lays down quite specific procedures which have to be followed in such cases, and if an objection is received to the proposal to strike the company off the register I must ensure as far as possible that it continues to comply with its obligations under the Acts until such objection is resolved.

The simplest course, therefore, for a company in this situation is that they should write to the Registrar indicating their wish to be struck off the register under Section 353 on the basis that they are no longer in business or in operation. The above mentioned procedures will then be put into operation immediately."

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

هكذا من الأصل

To help your firm save energy, send a man to energy school.



Losses in many energy systems cost up to half of all energy used and the potential for savings, therefore, is huge. The 5% reduction suggested by Government is within easy grasp of all users—even the already efficient—and we estimate that, in Western Europe, up to 30% savings are feasible in the longer term. When new energy efficiency technology matures, even greater savings will be possible.

In our own Shell efficiency programmes, we have spent around £20m on efficiency measures or new technology with an energy efficiency spin-off. From this attractive and virtually risk-free investment we are enjoying a return of £7.5m annually. We are sure that *all* companies will find profit opportunities in energy efficiency.

Examples:

Company A: Heat optimisation installed for a cost of £7,000. Return: £12,000 annually.

Company B: Rationalisation of lighting. 2,000 fluorescent tubes removed with no loss of standards.

Company C: Improved maintenance of 15 steam boilers. Return: 26.4% cut in heating costs.

Company D: Large, heated oil tank insulated for a cost of £9,500. Return: £6,000 annually in reduced heating costs.

Manage your energy.

It is vital that senior management be committed to energy efficiency. However, the making of improvements, monitoring of energy use, maintenance of higher efficiency—in short, *energy management*, is best left in the hands of one man.

For the big energy user, he will be a senior technologist or engineer with a team of specialists. But in a smaller company, where a special appointment is not justified, who should have the responsibility?

Shell suggest you appoint an office manager, building supervisor or similar officer to manage energy as well as do his other job. It helps if the man has a technical background, but this is not essential. For the man without experience there is a choice of short and inexpensive energy management courses.

Some energy management courses available in the UK.

Heating Training Centre, 25 Bagley's Lane, London SW6 2QA. 01-731 4221 (Address enquiries to Mr. Sidney Malin).

Two-day courses in energy management for managers interested in heating, mechanical/electrical services or structural maintenance of buildings. These can embrace administrators, accountants and those in general management.

The course is designed to enable students to answer the following questions:

1. Am I making the best of what I have already got? 2. What low-cost improvements are worth considering? 3. Do I need that heat anyway?

Cost of course £75 plus VAT. Hotel accommodation can be arranged if required.

Department of Energy residential courses, c/o The Department of Energy, Thames House, South, Millbank, London SW1 4QJ. 01-211 3347/7074.

Courses last five days and are designed for energy managers and other managers with responsibility for energy use. The objective of the course is to train managers in the concepts needed for energy conservation programmes.

Venue: St. John's Hotel, Warwick Road, Solihull, West Midlands. Course Director: Mr. Don Golch MBE.

Cost of course (including accommodation) £250 plus VAT.

Cranfield School of Mechanical Engineering, Cranfield, Bedford, MK43 0AL. 0234 750111.

Two three-day courses are available. One in energy management and the other in energy conservation in buildings. Both are designed for the practising engineer or manager and are for instant application. Unnecessary analytical detail is avoided and no precise academic qualifications are required for entry.

Cost of course (including board and residence on campus) 1. Energy Management: £167.
2. Energy Conservation in Buildings: £146.
Course Director (both courses) Dr. P.W. O'Callaghan.

(Other courses may be available in your area. For information, contact your Regional Energy Conservation Officer at the regional office of the Department of Industry).

The cost of any of these courses can be amortised in a few months. More important, proper energy management in your company will produce greater and greater savings as energy costs rise.

Energy sense from Shell.

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November 3 — Royal Garden Hotel, High Street, Kensington, W8 — 9-5 pm
Dublin — November 7 — Jury's Hotel — 12-8 pm

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LEGAL NOTICES

THE COMPANIES ACT, 1948
IN THE MATTER OF
PARWAY LAND AND INVESTMENTS LIMITED

by Order of the High Court of Justice dated the 25th day of September 1979, I, GEORGE ALBERT AUGER of Messrs. Stoy, Hayward and Partners, 44 Baker Street, London, W.1, have been appointed LIQUIDATOR of the above-named Company. All debts and claims should be sent to me.
Dated this 24th day of October 1979.
G. A. AUGER, Liquidator.

IN THE MATTER OF
CHINATOWN RESTAURANT (COVENTRY STREET) LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 3rd day of December, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PHILIP MONJACK, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 22nd day of October 1979.
PHILIP MONJACK, Liquidator.

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ART GALLERIES

ANTHONY D'OFFAY, 9, Dering St., New Bond St., Camden Town Group, PAINTINGS OF LONDON. Mon.-Fri. 10-5; Sats. 10-1. Till 10 Nov.

BROWSE & DARBY LTD., 19 Cork St., W1. MATTHEW SMITH CENTENARY EXHIBITION. Till 3rd November.

CRANE KALMAN GALLERY, 178 Brompton Rd., SW3. 01-584 7566. Amusing, colourful, anti-depressive paintings by young artists of merit. Mon.-Fri. 10-6; Sats. 10-4.

BLOND FINE ART, 33, Sackville St., W.1. 437 1230. BRITISH PORTRAIT AND FIGURE PAINTING 1920-50. Ihlmon, Bomberg, Dismorr, Kramer, Meninsky, Morris, Nash, Wood, Wolfe. Until November 3.

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JPL FINE ARTS, 24 Davies St., London, W.1. 01-493 2630. Jacques Villon 1875-1963. Drawings and Watercolours Oct. 17-Dec. 7. Mon.-Fri. 10-6.

MAAS GALLERY. Exhibition of paintings, watercolours and drawings by NORMAN HEPPLE R.A. at 15a Clifford Street, New Bond Street, W.1. Mon.-Fri. 10-5. OPENS MONDAY.

OMELL GALLERIES, 40, Albemarle St., Piccadilly, W1. New Selection of the modern French paintings including Blanchard, Chetious, Deschamps, Delin, Crosot, Herve, Jacobs, Passett, Robin, etc. and fine modern British marine paintings and watercolours until Oct. 31.

RICHARD IVOR presents an Exhibition of 18th and 19th Century British watercolours at 13, Dover St., W1 (1st floor), 10-5.30 until November 2 (01-491 4866).

SANDFORD GALLERY, COVENT GARDEN, 1, Mercer St., Long Acre, WC2. 379 6905. Mon.-Sat. 11-6. THE JUG IN ART. Paintings of Still Life, including Sculptures for Interiors.

ENTERTAINMENT GUIDE

THEATRES

WESTMINSTER. CC. "S" 836 0283. Wkds. 2.30 & 8.00. Sat. 2.30 & 5.30. The Musical Theatre Company in JOSEPH AND THE AMAZING TECHNICOLOR DREAMCOAT by Tim Rice and Andrew Lloyd Webber. Starring Paul Jones. Tickets £3.25, £4.25, £5.25, Nov. 1-Jan. 19. ONLY. Reduced price previews 29, 30, 31 Oct. Group Sales Box Office 01-379 6061 or Freephone 2381.

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CINEMAS

ABC 1 & 2 SHAFTESBURY AVE 836 8861. Sep. perfs. ALL SEATS BKBLE. 1: THE FRISCO KID (A). Wk. and Sun. 2.00, 5.00, 8.00. 2: THE DEER HUNTER (X). Wk. & Sun. 2.15, 7.30. 70 mm Dolby stereo.

[illegible] Circus 4791. 1: Peter O'Toole ZULU DAWN (A). Progs. 1.10, 3.35, 6.00, 8.25. 2: [illegible] JACK (X). [illegible]

CLASSIC 1, 2, 3, 4. Haymarket [illegible] [illegible] ROMANCE WITH A DOUBLE BASS (U). Progs. 1.00, 3.25, 5.50, 8.25. [illegible] THE LORD OF THE RINGS (A). Progs. 1.00, 3.25, 5.50, 8.25. [illegible] 3.45, 6.10, 8.35. [illegible] TO RUSSIA WITH ELTON (U). Sep. progs. 2.00, 5.15, 8.00.

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COMPANY NOTICES

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Scheme of Arrangement

NOTICE TO MEMBERS

On 24th October 1979 orders were made under the United Kingdom Exchange Control Act 1947 exempting persons in or resident in the United Kingdom (including the Channel Islands and the Isle of Man) from their obligations under that Act except insofar as these obligations relate to transactions directly or indirectly involving persons resident in Rhodesia.

Accordingly, all certificates for shares in Western Mining Corporation Holdings Limited ("Holdings") to be issued to former members of Western Mining Corporation Limited ("WMC") pursuant to the Scheme of Arrangement between WMC and its members to be considered at a meeting of its members to be held in Melbourne, Victoria, Australia on 9th November, 1979 will, if those certificates are held in the United Kingdom by whomsoever owned, not be required to be kept in the custody of an Authorised Depositary should the Scheme of Arrangement become effective. Similarly, if any certificates for shares in Holdings are held outside the United Kingdom by or to the order of a person resident in the United Kingdom (including the Channel Islands and the Isle of Man) after the implementation of the Scheme of Arrangement, those certificates will not be required to be kept in the custody of an Authorised Depositary.

In the Explanatory Statement concerning the above-mentioned Scheme of Arrangement forwarded to members of WMC on 9th October, 1979, certain instructions were given to members of WMC whose WMC shares are registered on the WMC United Kingdom branch share register or on an Australian share register of WMC but who have an address in the United Kingdom, regarding the forwarding to the United Kingdom Share Registrar of WMC, Austral Development Limited, 9 Park Place, St. James's, London SW1A 1LX (telephone 01-493 8474) ("Austral"), of their WMC share certificates in anticipation of the implementation of the Scheme of Arrangement. Except to the extent that it is no longer necessary for the certificates to be lodged by an Authorised Depositary that instruction is not altered and those WMC members who have not yet done so are urged to arrange for their certificates to be sent to Austral without delay.

Details were also provided in the Explanatory Statement concerning the forwarding to shareholders of the share certificates in Holdings which will replace those WMC share certificates when the Scheme of Arrangement is implemented. As a result of the change in United Kingdom Exchange Control requirements mentioned above the information set out in the Explanatory Statement is, except in the case of persons resident in Rhodesia, supplemented as follows:—

(1) In cases where members of WMC have already nominated an Authorised Depositary as their agent to whom their new Holdings' share certificates are to be forwarded, Holdings will, unless Austral is instructed to the contrary by the shareholder concerned on or before 30th November, 1979, forward those share certificates to the person so nominated and the shareholder should make his or her own arrangements with the nominee to obtain possession of the share certificates.

(2) In cases where members of WMC have not as yet nominated an Authorised Depositary to whom their new Holdings share certificates are to be forwarded they are asked to instruct Austral in writing as to where their new share certificates in Holdings are to be sent following implementation of the Scheme of Arrangement. Failing an instruction the new Holdings' share certificates will be forwarded by Holdings to Austral and the shareholders concerned should contact Austral to provide directions as to where their certificates should be sent.

Notes: The expression "person resident in Rhodesia" covers all persons who are living in Rhodesia (ie. they have a home in or are currently employed in Rhodesia).

Any member of WMC who is unclear as to the foregoing should consult Austral Development Limited of 9 Park Place, St. James's, London SW1A 1LX (telephone 01-493 8474).

By order of the Board
S.K. LARSEN Secretary

Gold Fields

Notice of Annual General Meeting

The Annual General Meeting of Consolidated Gold Fields Limited will be held at the Dorchester Hotel (Ballroom Entrance), Park Lane, London W1, on Tuesday, 27 November 1979, at 11.30 am, for the transaction of the following business:

1 To receive and consider the audited accounts for the year ended 30 June 1979, together with the report of the Directors, and to declare a final dividend.
2 To re-elect Directors.
3 To appoint the Auditors and to authorise the Directors to fix the Auditors' remuneration.

By Order of the Board
P. F. G. ROE
Secretary

30 October 1979

Notes
Only members holding fully paid Ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the meeting. A member so entitled may appoint a proxy, who need not be a member, to attend and vote on his behalf.
Holders of share warrants to bearer who wish to be present or represented at the meeting must comply with the necessary information regarding the formalities to be complied with from the registered office of the Company.
The register of Directors' interests, together with copies of contracts of service between the Directors and the Company or any of its subsidiaries (or a memorandum of the terms thereof), other than contracts expiring or determinable within one year without payment of compensation, will be available for inspection at the registered office of the Company during normal business hours until the date of the Annual General Meeting and on that day at the place of the meeting from 11.15 am until its conclusion.

Consolidated Gold Fields Limited
49 Moorgate, London EC2R 6BQ.

TOTAL OIL MARINE LIMITED
9⅛% 1977-1984 LOAN OF G£25,00,000

The redemption on 1st December 1979, for which a sum of G£1,500,000 is planned, has been completely repurchased on the Stock Exchange.
Amount remaining in circulation after 1st December 1979: G£22,000,000.

Paying Agent
BANQUE DE PARIS ET DES PAYS-BAS
POUR LE GRAND-DUCHE DE LUXEMBOURG.

CITY OF OSLO
10% 1974/1981 UA 15,000,000

On October 19, 1979, Bonds for the amount of UA 3,750,000 have been drawn in the presence of a Notary Public for redemption on December 5, 1979.

The following Bonds will be reimbursed coupon due December 5, 1980, and the following attached: [illegible]

Amount unamortised: UA 7,500,000. Outstanding drawn Bonds: [illegible]

Luxembourg,
October 31, 1979.
THE FISCAL AGENT
KREDIETBANK S.A.
Luxembourgeoise.

NEW CENTRAL WITWATERSRAND AREAS LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS

Notice is hereby given that the forty-sixth annual general meeting of members of New Central Witwatersrand Areas Limited will be held at 44 Main Street, Johannesburg on Thursday, November 22 1979 at 11h30 for the following business:
1. To receive and consider the annual financial statements of the company for the year ended August 31 1979.
2. To elect directors in accordance with the provisions of the company's articles of association.
The transfer registers and registers of members of the company will be closed from November 15 1979 to November 22 1979, both days inclusive.
A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote in his stead. The proxy need not be a member of the company.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
Per: W. G. NICOL
Companies Secretary

Registered Office:
44 Main Street
Johannesburg 2001
October 30 1979

UNITED DOMINIONS TRUST LIMITED
9¼% CAPITAL BONDS 1986

S. G. WARBURG & CO. LTD., announce that the fifth instalment of Bonds for a nominal value of U.S.$1,500,000 have been purchased for redemption on 1st December, 1979, leaving U.S.$21,500,000 nominal Bonds will remain outstanding after 1st December, 1979.
30, Gresham Street,
London EC2P 2EB.
31st October, 1979.

NOTICE OF FINAL MEETING (CREDITORS VOLUNTARY WINDING UP)
HOLLYDOWN LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 290 of the Companies Act 1948, that a general meeting of the above-named company will be held at 22 Fenchurch Street, London EC3M 3EN on 26th November, 1979 at 12 noon for the purpose of having an account laid before the members showing the manner in which the winding up has been conducted and the property of the company disposed of, and of hearing any explanation that may be given by the liquidator, and also of determining by special resolution the manner in which the books, accounts and documents of the company and of the liquidator shall be disposed of.
A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not also be a member.
R. M. ILES, Liquidator.
Dated this 26th day of October, 1979.

NOTICE OF FINAL MEETING (CREDITORS VOLUNTARY WINDING UP)
FENCHURCH PROPERTY GROUP LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 290 of the Companies Act 1948, that a General Meeting of the above-named company will be held at 22 Fenchurch Street, London EC3M 3EN on 26th November 1979 at 11.30 a.m. for the purpose of having an account laid before the members showing the manner in which the winding up has been conducted and the property of the company disposed of, and of hearing any explanation that may be given by the liquidator, and also of determining by special resolution the manner in which the books, accounts and documents of the company and of the liquidator shall be disposed of.
A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not also be a member.
R. M. ILES, Liquidator.
Dated this 25th Day of October, 1979.

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FINANCIAL TIMES REPORT

Wednesday October 31 1979

Trans-Clyde Railways

Creation of an integrated public transport system is high on the agenda of many big city managements. Glasgow is the latest metropolis to achieve that aim. In this survey **Anthony Moreton**, Regional Affairs Editor, discusses the planning and execution of this sophisticated project.

Modern city traffic network

WHEN THE Queen inaugurates the Trans-Clyde railways system tomorrow morning she will be bringing into operation a city transport network that can stand comparison with the best. That the system will not be fully operational until December, and possibly until the start of next year, is a severe disappointment to those involved in the years of planning, but it does not invalidate the strategy which has always been in their minds.

This involves the creation of a co-ordinated traffic system in what was for long Britain's second city and even, now, with the drop in population, is still comfortably its third. The strategy has also taken into account the region of which Glasgow is the core, so that a longer view has to be taken than merely moving people around within the city boundaries.

If road construction has taken a relatively minor role in the planning this is because most of the important road works have been completed. The M8 motorway drives through the centre of the city and access is both quick and easy in most directions.

It could be argued that Glasgow is now "over-roaded" and has little need for more major clearways, since it has one of the lowest car populations in Britain. Even so, there are those who are not satisfied. There has recently been a call for another 22 miles of major roadways this year—a superfluous call that is unlikely to be met now that the Government is looking much more stringently at all spending.

Updating and improving the railways has therefore been at the heart of the strategy. Glasgow has always had a good suburban railway network and for many years this was complemented by an old-fashioned underground line. The railways stretched out to places as widely spread as Stranraer and Ardrossan for the ferry services, along the Firth of Clyde, down to Ayr, the new towns of Cumbernauld and East Kilbride and into Lanarkshire.

Part of the system has been electrified. But the great weakness was that there was no link between the north and south banks of the Clyde. It was as though two systems served the region with through passengers having to make their own way between main-line stations. This drawback it once shared with Liverpool and Manchester.

Even one exception did not disprove the rule. Glasgow Central, the main-line station serving the south and London, is north of the Clyde though the whole of its network lies on the other side of the river.

Recently, an inter-station bus link has been introduced between Queen Street station, which serves Edinburgh, Stirling, Perth and the north, and Central, but otherwise passengers had to make their own way between stations.

Tunnel

It was not always so. Until the early 1960s, when Dr. Beeching swung his axe, there was a tunnel link, operated by steam trains, which joined the two sides of the river. It was not particularly efficient, but it worked.

The Argyle line, run by British Rail on behalf of the Greater Glasgow Passenger Transport Executive and funded under section 20 of the 1968 Transport Act, restores that link. With the building of new stations, updating others and the introduction of electrically-powered rolling stock the line complements the electrified parts of the existing system, too. So Glasgow now has a linked, unified system.

The other part of the railway strategy has been the rebuilding of the underground and the introduction of two interchange stations — at Partick and Buchanan Street — to make movement between lines easy. The cost of the underground at £43m has been tha major part of the outlay (the Argyle line cost £35m and one or two other items have brought the total cost up to £80m), and not only has new rolling stock been introduced but new stations have been built and all the others brought up to date.

The result is that Glasgow now has an underground circle linking 15 stations and both sides of the river and a unified surface system which brings both north and south together.

Broomloan control room, hub of the underground network, where television monitors all 15 stations

Such modernisation is only part of the strategy, even though the most important. The complementary part is to link the bus services much more closely with the railways and to introduce through ticketing.

Glasgow has lagged behind some other cities in modernising its bus fleet. It had trams on the roads until the early 1960s and only five years ago the buses were pretty obsolete. In the last few years, however, a lot has been spent on new vehicles and the introduction of one-man operating with the result that only a very small proportion of the fleet is now over 12 years old.

To link road and rail closely, park and ride facilities have been introduced at many stations and bus stations have been constructed, as at Lanark or Drumchapel, or updated as at the St. Enoch underground station in the heart of the city.

Further integration is being provided by co-ordination of ticketing. Passengers will be able to travel by different modes of transport by the possession of through tickets. Fares and tickets have been co-ordinated in a series of zones. For most passengers, possession of two zonal tickets will take them most places.

Those living in an outer area, such as Lanark, will be able to buy a local Travelcard, valid within their own zone. If they want to go further they can obtain an inner Travelcard and for the city area there is a city Travelcard. In all, there are six cards, though it is unlikely that anyone would want more than two, or three at the most. It is a criticism of the policy, though, that there are too many cards demanding too great a degree of public awareness before there can be public acceptability.

This strategy behind the capital spending was made necessary by the changed character of Glasgow itself. In the 'fifties there was enormous congestion because virtually all traffic seeking to cross the river had to travel through the centre. Since then, however, there have been very big changes.

More bridges and roads have been built, easing the cross-river congestion. At the same time the population of Glasgow has moved out. Its population has dropped by about a third, although that of greater Glasgow has remained fairly constant and the working population in the centre has not altered appreciably. This means that a larger number of people are travelling in to work each day from the outlying areas.

About two in every three people who come into the centre do so by public transport and the pricing policy has been designed so as to encourage them to travel by public transport rather than use their cars. This market policy has been backed by direct intervention; the council has put a ceiling of 14,000 places for car parking, forcing some potential car users to travel by bus, train or underground.

There is a lot of work going on in the city at the moment clearing past dereliction, with a lot of the emphasis on the eastern area urban renewal programme. Although no railway line directly serves this area it is possible that a disused line might be brought back into operation and linked with Cumbernauld.

Options

There are other options open to the planners and a series of strategic reviews are being undertaken to identify links within the region. In many cases, the justification for the electrification of a line is also being examined.

When the whole system is operational Glasgow will have a system that can be compared abroad with Hamburg, Munich or Hong Kong or with Liverpool and Manchester in this country. Both Liverpool and Manchester have reached goals already that Glasgow will soon attain and they will be joined within the next year or two by the Tyneside Metro.

The improvement of public transport and the rational use of different forms of movement are now becoming a lot more sophisticated in this country. Glasgow's contribution to this increased sophistication is very considerable.

TRANS-CLYDE RAILWAYS II

Latest thing in undergrounds

WHEN GLASGOW'S original underground system was closed in 1977 most of the equipment had been in use since its inception in 1896. The red trains on the line had run unchanged for 81 years; it was as though the underground—the only one in Britain at the time outside London — were a living and moving museum.

The carriages were made of wood, the panelling inside them reflected, in their workmanship the Victorian era in which they were built. The driver's wheel was an enormous affair, and the trains, as well as the 15 stations, created an atmosphere of decay as well as of age. The rolling stock was probably the oldest in daily use in the world, fit only for some South American banana republic.

One concession to modernity had been introduced in 1935. Then, the cable-drawn carriage system was abandoned and the line electrified. Glasgow had, for years, an underground network on the cheap, though it is hardly surprising that so many abandoned it. At its peak, as late as 1950, some 38m people travelled on it during the year; by the end the figure had dropped to 11m.

In the late 'nineties of the last century the buses on the roads above were horse drawn; yet the technology of the underground in 1977 was the equivalent of the horse-drawn carriages plying out to Govan along the river or over to Ibrox for the football crowds.

Now that has all changed. Glasgow has the most modern underground system in the world, one that can compare with those in Hamburg, Munich and Hong Kong, or the Victoria line in London, the one part of the London system which has been introduced new since the war.

The bright orange carriages have been nicknamed in one quarter the clockwork oranges. Their colour was chosen deliberately so as not to offend susceptibilities. Glasgow is a city in which, probably more than anywhere else in the UK outside Northern Ireland, the line between the religions is lightly drawn and easily over-stepped.

The city already has blue trains, the colour of the protestants and Rangers football club; the buses are yellow, white and green, the colours of the Irish flag and containing the green of Celtic. So an outside consultant was asked to advise on a neutral or independent colour for the underground. Orange was chosen, overlooking, perhaps, that the protestant Orange lodges are a strong factor in the city.

The underground has a more important claim to inclusion in the record books than any religious connotations. It must be one of the smallest in the world—not in the length of trains (usually two carriages but capable of being extended to three at peak or busy periods) but in the width of the track. This is 4 ft wide compared with British Rail's 4 ft 8½ ins.

Narrower

The result is that the carriages are narrower since the diameter of the tunnels is smaller and the numbers carried in any one coach are smaller. This ranges between 90 and 100, with a squeeze. By contrast, the longer and wider Hong Kong carriages can carry about 700.

The engineers have had to work on the basis of the Victorian narrow guage of the original system, just 10 ft 10 ins in diameter, because to have attempted widening to modern standards would have caused impossible building problems.

However, many other improvements have been made, and not just in the technical field. In the original system each carriage had to be lifted out of the underground by a crane in order to be serviced or put in the sidings.

A cutting at the Broomloan works now allows the trains to run up to the surface under their own power. Such is progress.

Another problem overcome is water seepage. As the line runs under Clyde considerable water gets into the system. The old underground had a series of sumps set into troughs in the line to collect water. These sumps were small and if the pumps broke down they could only hold water for about an hour before flooding began. New sumps can now hold water for six hours before a crisis is reached.

The result of the introduction of the new system will be a faster, more efficient, more comfortable ride linking the 15 stations. The circle, which spans the great river, will take 22 minutes to circumnavigate, compared with 28 minutes in 1977 and over an hour when first introduced. Closed-circuit television will connect each station with Broomloan, helping to increase efficiency and reduce vandalism and crime.

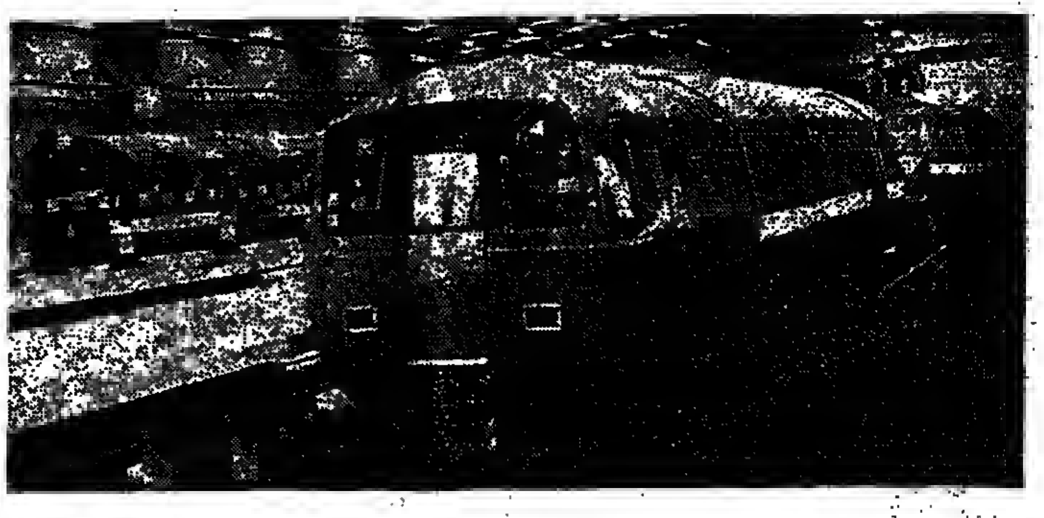
The stations, some of which are completely new but most of which have been rebuilt on existing or near to existing sites have been built in an attractive brick, which will last a lot longer than the fad for concrete, and are clad in a distinctive wall tiling.

The one-man trains pioneer another innovation in Britain. One of the drivers will be a woman, 47-year-old Mrs. Ruth Mather, who has previously been a Glasgow bus driver. Now, there's a step forward; and one which, the Queen herself will no doubt appreciate.

Contrast between the old and the new. On the right is the old Partick Cross station

*

Below: New underground trains at Broomloan depot



Linking role of the Argyle line

Test run train at Argyle St. station

THE ARGYLE line, which is being operated by British Rail on behalf of the Greater Glasgow Passenger Transport Executive, is as central to the modernisation of the area's railway network as is the underground. Its £35m cost is almost as much as the outlay on the underground and it provides a vital link between the northern and southern sides of the Clyde.

The line is not the first link between north and south. There was a tunnel along this line for some 85 years until Dr. Beeching came along with his axe and cut it out in the early 1960s; but it was a steam-powered connection.

Those with long memories remember the service with what now amounts to fascination laced with a dash of horror. Ventilation in the tunnel was minimal and so the locomotive blew steam and dirt in seemingly equal proportions all over the place.

Monster

"It was as near as you could get to Dante's Inferno," according to one railway official. "We loved it as kids, seeing this great puffing monster come out of the tunnel to the station. But I'm not so sure our parents did, having to clean all our clothes afterwards to get rid of the specks of dirt which were always in the atmosphere."

Glasgow has a very large suburban railway network, serving the new towns of Cumbernauld and East Kilbride, Airdrie to the east and Lanark to the south, Ayr to the south-west as well as the ferry ports of Stranraer and Ardrossan and the Firth of Clyde lines to Largs, Wemyss and Gourock. Much of this system has been electrified, concentrated in the centre, and the rest of it diesel operated. On top of this the system accommodates the main-line trains from England and those to Edinburgh, the North East and the North West.

To re-open the low-level tunnel which Beeching shut was not, therefore, a simple job. The tunnel itself was small in diameter and it was not easy to fit in the overhead electric cables within the necessary safety margins.

The 4½-mile tunnel was found to be in good condition for much of its length. Since it ran below a considerable part of the commercial centre of the city, especially under the busy Argyle Street, from which the line takes its name, it had been kept in a good state of repair to support the traffic and buildings above on the surface.

But the lack of clearance between the roof of the tunnel and the top of the trains was a severe limitation. The overhead trains cables carry 25,000 volts and insufficient clearance would lead to arcing between cable and roof. It was not possible to raise the roof and so the base had to be lowered to provide the headroom.

This, in itself, was no easy problem to solve. As in the underground, water seepage is a constant problem. In addition, three of the stations on the line, Central (Glasgow's main station), Argyle Street (a completely new £8m station) and Dalmarnock are below the Clyde's high-tide levels.

As the railway bed was lowered so a different form of track was laid. Before 1964 the conventional sleeper and ballast track was in use; the Argyle line will now have continuous slab paving which has the added attraction of being virtually maintenance free.

Argyle Street station will serve the very heart of what is probably the busiest shopping street in Glasgow. Construction was complicated by the range of water mains, sewers, gas mains, electricity and Post Office cables which passed through the building area and these had to be moved to allow room for the new station chamber.

Other stations have either been built or refurbished. Partick, where the line starts on the northern side of the river, is probably the hub since it has an interchange with the underground.

There is, however, a moving walk-way between Buchanan Street underground station and Queen Street Station, one of Glasgow's other main-line stations which serves Edinburgh, Stirling, Perth and the north.

So far no provision has been made to link the railway system with the enormous eastern area urban renewal project known as GEAR, and this is a criticism of the planning behind the strategy. If millions are being spent renewing this decayed part of the city it would seem sensible to put in some form of public rail transport since car ownership in the area will be low.

Two of the Argyle line stations, Dalmarnock and Bridgeton, lie on the inside fringe of GEAR, but a link through the heart might have been of considerable economic advantage. It is possible that such a connection might be made in future since a disused line stretches east from Bridgeton and there have been plans to push this up to Cumbernauld. But these are no more than long-term thoughts.

The other main item of expenditure, after the Argyle Street station, is the rolling stock. Some £9m has been spent on 16 three-car sets which have been built at British Rail's engineering works in York.

Unlike the underground, whose trains will be a one-man operation, the Argyle line will have both guard and driver. The line is expected to add about 50 new jobs, a small but not unappreciated addition to the city's economy.

The trains are not new in design. Their prototype first entered service in BR's Southern Region in 1973 and have been introduced into other parts of Britain. But they will add an attractive appearance to an attractively-designed line.

TRANS-CLYDE RAILWAYS III

Station-master Vic Pawlowski

FEW MEMBERS of the underground staff have any link with the system which closed in 1977. Many of them retired at the shut-down and most of those who did not go were absorbed into other jobs. Vic Pawlowski is one of the few exceptions. He joined the underground as a condnctor 24 years ago and when the line re-opens he will be a station-master.

He has seen a lot of changes at work; he bas seen a lot throughout his life. He is a Pole; he remains a Pole despite having been in Britain, mostly in Scotland, since 1944. He remains a Pole despite marrying a Scots girl from the Black Isle and seeing his children and grandchildren grow up as Scots.

But Vic does not forget bis home — and next year he will return to Sandomierz, a small city on the Vistula between Cracow and Warsaw, to see his mother and brother for the first time since he was taken away, 38 years ago. Vic does not forget in other ways. In the Polish clubs, of which he is a member, he helps collect for the Polisb team in the next Olympic games.

Vic Pawlowski is now 53. When he was 15 the Germans took bim away for forced labour. He worked on repairing railways in Russia, Czechoslovakia, Austria and Germany.

By 1943 be had reached occupied France. It was there that an opportunity came to escape and 42 of them joined the Polish forces attached to the Free French underground. He was one of the undergronnd forces which beld Paris in the last days before *de Gaulle* arrived for the liberation in 1944.

"After the liberation I volunteered for the British Army and was brought to Kirkcaldy when I trained as a paratrooper before going back to Germany. I was there just before the end and stayed in tha army of occupation for two years before being demobbed."

In British civvia life for the first time be bad a number of jobs, saving hard to bny a bouse. First he worked down the mines, then on hydro-electric building schemes in the Highlands.

"The money was good but by then I was married and I never saw my family. So, having got a bouse, I left and joined the underground."

He dropped from very high wages to £7 5s a week. When the underground opens be will be on a basic £73 a week, thongh with honuses and weekend working be sbould be able to push that up to around £100.

There are other differences. "All the equipment is much more sophisticated now—we bave closed-circuit television, lots more machines to service and repair and, of course, modern trains. It's so nice to see these modern trains coming round after all those old-fashioned carriages that we had before."

Violence is his big worry. He bates the football matches and Orange marcbes in July. And the drunks. "When Rangers are beaten, we all suffer. But, then, there are hazards in avery job." He shrugs his shoulders, a large, stolid man, philosopbical about the turns life bas taken.

His philosopbical approach was severely tested a year ago, but be was not shaken by what bappened. He stepped on a rusty nail. He told no one for a week. When his wife found out she forced bim to go to the doctor.

It was too late. Infectioo had set in and they amputated his left foot jnst below the ankle. "It's a funny old thing," he says. "I go through the war with only two scratches. And here, without doing anyone any harm, I lose my foot."

He shrugs again. And walks out of the room as though be could kick a football a hundred yards with a leg everyone else wonld call "gammy."

Driver Ruth Mather

RUTH MATHER is 47 and has three grown-up children. She is chubby, jolly, smiles a lot and has a shock of anburn hair. You might expect to see ber behind the counter of a shop or on a factory floor doing a routine assembly job.

Women's lib and all that atuff does not mean mnch to her, but she is, in fact, doing a lot for it. For Ruth Mather drives an underground train — and tomorrow she will drive the train that carries the Queen between Buchanan Street and St. Enoch stations when she inaugurates the underground. Ruth Mather is the only woman driver of tuba trains in Britain.

Before that Mrs. Mather was a bus driver, the only ona operating out of the Maryhill garage. She waa not the only one in Glasgow, bnt she was the first. A double first is a rare distinctioo for a woman in wbat is still very much a man's world.

Mrs. Mather accepts ber pioneering role without self-consciousness, but also without concern. She has worked for Glasgow corporation, off and on, for 26 years. After a couple of years in a shop sha became a condnctor on the trams as soon as she waa 21. Before that age the corporation would not accept ber. She wanted to work on the buses like many similar girls want to be nurses or air bostesses.

"Yon had to be 21 to work on the trams," she says. "As soon as I reached that age, I went down to volunteer."

"I *don't* know wby, but I always fancied the buses and trams. And the money was good. We got £7 10s a week and yon had the chance of doing double shifts. I used to do them so that I could take home extra pay to my mother."

However, she only worked a couple of years before she married and the family arrived and it was not until 1965 that she had the chance to return.

For most of those years Mrs. Mather was a conductor. Early on, she volnnteered to become a driver bnt it took a long tima to make the switch. When she joined there were two-man crews hut by the time Ruth Mather achieved ber ambition in 1976, Glasgow had converted to one-man operation.

Driving a bus is an increasingly bazardous occupation and it was the continual living on the edge of aggression that made up ber mind four months ago to move to the underground. She *hated* the late-*night* drunks and rowdies, the football crowds and the aggressive school children, apart from the traffic and the rest of the passengers.

Glasgow is not the most peaceful city in the world and Ruth Mather has had her share of bumps and bruises. "The children were among the worst. Once, one lot npstairs would not get off and when I went up to investigate they set about me, kicking lumps out of me. I was black and bloe all over.

"The other thing the kids will do is try to steal your money. They come dowo and ssy there is fighting upstairs. While you are up there they will pinch anything.

"I bated football matches, too, especially local derbys. Rangers and Celtic were the worst, but we bave a lot of clubs in Glasgow—and wben two meet things are awful."

It was the violence which forced Rnth Mather out, rather than thoughts of being the first woman train driver, or anything like that. The men on the underground have taken to her. "They are great," she says.

And the work is "different." How different? "Well, there is no traffic for one thing. I have to watch the ligbts but there is no fear of something coming right at yon, or someone trying to carve you up."

No passengers to face, directly, either. She will be responsible for the train, but the passenger control will be *undertaken from the platform.* She cannot wait for it to start and she is only sorry that the introduction bas been put back.

The main workshop at Broomloan depot showing underground coaches awaiting routine servicing

Station rebuilding

UNDERGROUND WORKS

Buchanan Street
New station constructed with three entrances, two in Buchanan Street and one in Dundas Street. The station is linked to BR services at Queen Street by a moving pavement through the Dundas Street entrance.

St. Enoch
New station constructed with two entrances linking St. Enoch's Square to a concourse which allows for some shops. The existing street-level building will be retained as a travel centre and the southern entrance will link directly to a bus station.

Bridge Street
An enlarged groud-level concourse building constructed. The station will bave one main entrance.

West Street
An enlarged ground-level concourse building constructed on the site of the existing one.

Shields Road
An enlarged ground-level concourse building constructed. Park-and-ride facility provided with new car park.

Kinning Park
New ground-level concourse building constructed, linked by stairs to existing island platform.

Cessnock
Enlarged concourse constructed in the basement of the existing tenement. This will link with an extended island platform.

Ibrox
New and larger concourse built on the site of the former Copland Road station. Two entrances provided together with duplicate ticket facilities to cater for passengers attending football maches at nearby Rangers ground.

Govan
An enlarged concourse at ground level connected by four escalators to a larger platform chamber with twin flank platforms. New bus terminal next to the station.

Partick
Completely new station connecting with, and sharing ticket facilities with, new BR station.

Kelvinhall
This is the former Partick station and modernisation has beeo extremely restricted because of limitations on the site.

Hillhead
New concourse at ground level together with shops. Provision is included for officle or residential development above the building.

Kelvinbridge
New concourse at ground level, with escalators to platform. Park-and-ride facilities inclnded.

St. George's Cross
The existing surface building was reconstructed recently and only a small enlargement bas been carried out. The only station not to bave major works undertaken.

Cowcaddens
A new concourse building has been built at ground level. Escalators to platform.

ARGYLE LINE WORKS

Partick
First of the new stations to be built for the line; not far from where the tunnel meets the surface line on the west side. Both underground and Argyle line systems share a common ticket office at street level with escalators leading up to the BR station and down to the underground.

Finnieston
First station to be rebuilt, on the site of the former Stobscross station. Finnieston serves one of the city's under-developed and under-populated areas which is considered to have a bright future but an uncertain present. Station is next to Queen's Dock, a famous Clydeside quay, which has great potential for residential, commercial and industrial development.

Anderston
Rebuilt station, with an island platform. On edge of a developing area, near the centre, and underneath large shopping complex and bus station. Express coaches to airport from Anderston Cross.

Central
Surface railway station, the biggest in Scotland, with direct link to London. The low-level Argyle line station links with electric services to north and routes coming from Lanarkshire in south east. Four entrances which might be extended to five.

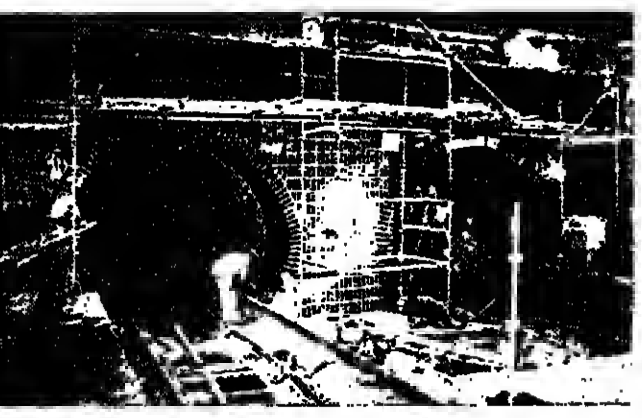
Argyle Street
Brand new station serving heart of city's shopping area. Station and line take their name from the street above. Tunnel had to be considerably widened to create the station.

Bridgeton
Rebuilt on site of previous station, then named Bridgeton Cross. Lies within GEAR urban renewal area.

Dalmarnock
Rebuilt on site of former station. Lies within GEAR urban renewal area.

Rutherglen
New station built along the re-opened spur leading to the tunnel. Previous station, on main-line route to London, was closed. Serves a thriving community.

New pedestrian bridge at Rutherglen station on the Argyle line



Retiled facade at Govan

Inside one of the new underground coaches

LOMBARD

Goodhart's Second Law

BY ANTHONY HARRIS

CHARLES GOODHART, the chief monetary economist of the Bank of England, has enunciated a Second Law of Monetary Policy, and if the reader will be patient for a few column inches, or skip selectively, he will learn what it is. It is worthwhile first, though, to restate, and reflect a little, on what has until now been known simply as Goodhart's Law—henceforth Goodhart's First Law. It is this: "Any measure of money chosen as a target for control will change its meaning within a year."

Lay persons may still be unaware that there is any difficulty about defining money, but readers of this column are more sophisticated. Once you get beyond actual coin and banknotes, it is very difficult to know the difference between money and a highly marketable security. You might say that money is anything against which you can write a cheque; but that would include such things as overdraft facilities, credit cards and even building society deposits, which are not officially counted, but would exclude time deposits and certificates of deposit which are.

Two possibilities

The result is that any definition of money chosen for control purposes is bound to be arbitrary; and if you make one form of holding scarce, or equip it with an alarm signal to drive up interest rates, holders will soon begin to switch to some other form.

There are two possible responses to this problem. The simple-minded, or Greater London Young Conservative approach is to forget the subtleties, and simply control the actual change in your pockets — notes and coin. Restrict the output of the Royal Mint, impose cash ratios on the banks, and there you are.

Do this, and how long would it be before banks were paying their customers to use credit cards, and employers were offering a premium to those who consented to be paid by cheque? Remember too what happened in Ireland when there was a bank strike for some nine months; British notes were imported, endorsed cheques on good names circulated, and when everything was sorted out some three months after the strike, it was found that the rate of growth of M1—cash and current accounts—was exactly the same in the do-it-yourself era as in the previous period of official "control."

A second and more sophisticated approach is the 100-flowers system of control. Invent Ms to your heart's content, and we will set growth targets for all of them. Greenwell's already go up to M5 in their monetary bulletin (which makes five important series, since although M2 is missing because the official statistics blur its edge, the monetary base is known as M0.

These difficulties lead some thoughtful men to wonder just how much economic result can be achieved by controlling the money supply at all. To put it in technical language, the demand for money functions, which relate money holdings to interest rates and money incomes, break down.

However, when investors and politicians are subscribers to monetarist fashion, their feelings must be considered. You may not know what the numbers mean, but you know the feelings they will inspire. So the unhappy central banker may feel he has two tasks—to manage credit conditions, and to manage a statistic.

Here he faces a temptation, which may be stated as—yes, as Goodhart's Second Law: "The bigger the loophole, the better the control." In other words, innovations, Euromarket gaps and so on, which can meet the defined money supply, make it very easy to produce good-looking statistics. Do such gaps matter? German performance, despite the Luxembourg Gap, suggest they don't; U.S. performance, with the still bigger Euromarket gap, suggests that they can fool even the central bankers themselves at times.

Unreliable

So you tend to be left with the performance of the economy, and the best credit control you can devise, with the money supply as a rather unreliable speedometer. Or one might call it "the general state of liquidity." Which perhaps explains why some sophisticated monetary economists are beginning to speak of the Radcliffe Report with a new respect.

Weeds for the cooking pot

THE RECENT wet weather has left us all with a load of weeds. The next month sees the start of the final clearing and tidying before winter. The weeds, once again, take up time, the great deterrent to most modern gardeners. It is no season, now, to be poisoning them, as most poisons work best when these plants in the wrong places are growing freely. What can you do about them as you pull out fistfuls of late autumn chickweed and thistles? Personally, I try to block them out, a plan which grows with the years. But a reader writes in with a better idea: would I not like to point out, he asks, that weeds are worth eating?

Rose Bay Willow Herb in his view, is an unrecognised delicacy. You know this tall and rampant weed, which is at home on building sites, in August hedgerows and all down the edges of woodland and wild gardens. I recall my disgust when first visiting the so-called flower-gardens of a public French chateau where the flowers were nothing more than long swathes of this willow herb beside an uninterrupted lawn. *Jardin anglais*, no doubt, they called it but a keen cook could have made something of the roots.

Do not try to eat the leaves or mature stems of this rose-pink flowered weed in July and August. The delicacy, rather, is the young root. This can be boiled, it seems, and served with butter if you pick it in spring.

The result is the talk of at least one arc of the London commuter-belt where it is said to be nearly as good as asparagus. The root certainly is white and very brittle. No good gardener likes to own up to this wild weed in his borders, but it turns up every year in a patch of my phloxes, so I am happy to think of eating it next spring and keeping it controlled.

Chickweed, one assumes, is a food for chicks. But it is commended to me now as a stop-gap between seasons in the vegetable garden. If you are waiting for the leeks and cabbages, you can console yourself that there is at least one corner of Surrey where the November chick-weed is avidly awaited. It should be picked in quantity, never a problem in my flower-beds. You boil it down like spinach and end up with a passable alternative to lettuce at no cost beyond your time. I am not sure that I have not met this recipe in the years before motorway cafes were on offer to private enterprise. But if you resent the uprooting of chickweed as a useless labour, remember that you can make a meal of it and tell yourself that it was not all for nothing.

There are recipes, course, for almost anything even for ground-elder, which was used by Romans for their attacks of gout. Most of them are counsels of despair, except for publishers with a Christmas list. But at this season, I can vouch for the seeds on your plants of fennel, a large crop which is unjustly disliked by keen gardeners. The seedlings spring up all over the place, but if you save a few seeds and dry them, they are worth using in salads and soup. They are a far better bet than the stems or roots of the fennel which we grow in England. These can be boiled if you skin the young stems or mash the outer root clear of its core. But they are not a patch on proper Italian fennel, so only the desperate would bother with them.

GARDENS TODAY

BY ROBIN LANE FOX

If you do not fancy a diet of weeds, you have to plan against them. Much has been said by now about so-called ground-cover plants, the varieties which are almost weeds themselves and knit together to keep the other weeds out. Some of the claims on their behalf were always extravagant. But if you clean the ground before you plant them and if you choose the best sorts, you can indeed leave yourself with far fewer weeds to eat or uproot. Surveying this season's gaps, I am splitting and planting as much quick cover as possible. Which, then, is the best?

In a dry place, I would not the anthemis cupaniana. This is start a new garden without a grey-leaved white daisy called not unfamiliar, but it is as good a tip as I can give beginners. The leaves are very pretty all season and their thick mats are enough to block all future weeds from clear ground. The white daisies on this low mat of a plant are most desirable in May and June. It increases easily from cuttings and bits of root, so you need one plant and two years' patience for a reasonable stock. The hard winter upset it last year, but it soon recovered from the base. Among the grey plants, I rate it as wholly safe. It is good in any dry sunny place, down a bank, under roses or as an edging. One plant spreads across three feet. The chickweed does not have a chance.

At a greater height, a bed of day lilies mixed with the soft-leaved acanthus called mollis would be quite weed-proof. The acanthus may start rather slowly, but it runs as soon as it settles and survives all frost in my north-facing site for it. The clumps of the day lily are quite impenetrable, not at all like those mats of iris which invite weeds between them. The leaves contrast well with a acanthus and could be edged with one of my favourite matches, blue and white creeping campanulas among the blue-grey leaves of the big glaucous hostas. All these plants are impervious to weeds if you start them off in clean soil and give them a year in which to get going. Backed by the day lilies and acanthus, they would be a splendid sight.

Wild geranium

I have said so before, at the wild hardy geranium would keep weeds off anyone's diet. The ice-pink flowered endressii is a slender plant, but so robust to any intruders. The pink-white macorrhizum is even better, such a thick clump that I will give up gardening on the day that this favourite is banned from the market. Do not take the new ground without them, even if their colour is not of the strongest. I find there is nothing better for space between and beneath maturing shrubs, a site with which we all have to compromise nowadays. These geraniums fit in front of the widespreading white viburnum, strong white ribus tridel, and the variegated dogwoods, all of them good cover in their own right. They are so much better than the indestructible hypericum whose yellow flowers, misnamed Rose of Sharon, have been played out too often. Ground-cover plants are a bore if you see them everywhere. Once the roundabouts discover them, they never look the same.

The spurges, fortunately, have still not hit the councils' notice except in their evergreen forms. These still survive their popularity, but at this time of year the herbaceous sorts out do them. Their autumn colours can be excellent, not just the one called fireglow which has never come to life with me, but the excellent polychroma, a plant whose tough rootstock sends up such a wide and neat mound of leaves that you can forget the weeds for ever after a season. It turns an elegant yellow in autumn before dying down. You have to cut off the old growth, of course, but that is the only job and a pleasant one, too. Among a thickly rooted thistle, perhaps the fine pale pink morina, this spring-flowering spurge is excellent cover.

If you cannot eat them, join them. One near-weed will indeed keep out another, until you wonder, among the creeping ivies and rampant rubus, just where a weed begins. It is no use covering weed-infested ground, as the weeds persist among the plants. But if you clear it for a year with poisons, grow on your cover meanwhile, and reckon on one year's attention after planting, the varieties I mention will do the most bothersome work on your behalf.

Ascot treble likely for Winter

ALTHOUGH it was not so long ago that Fred Winter lost Killiney, the most exhilarating jumping prospect I have seen, at Ascot, the course must hold many good memories for him. The overall record of his runners there has been one of almost unqualified success.

This afternoon I expect that stable's percentage of winners to runners on the track to be further boosted by Valiant Charger, Pardon and Breemount Don.

RACING

BY DOMINIC WIGAN

The soundest betting medium from this trio to my way of thinking is Pardon, an unprepossessing but talented five-year-old. A half-brother by Busted to Cardinal Error, he got off the mark a year ago with a surprise win in a bandicap hurdle at Kempton before taking a similar event at Ascot easily.

Pardon then won with almost equal flawlessness at Newbury, his home course. He was allowed to cut out virtually all his own running. He should win today's Embassy Premier chase qualifier.

Valiant Charger, making his seasonal debut in the Bagshot Handicap, a three-mile event for five-year-olds and upwards, is a compact and chunky sort, in stark contrast to Pardon. Improving all the time last season—except for an inexplicably lacklustre display on his fifth appearance — Valiant Charger wound up by defying the handicapper with a two-length Folkestone success over Dusky May.

He is capable of further progress and sure to be again well served by the trip which he tackles for the fifth time in succession (but for the first time on fastish ground).

Breemount Don, a six-year-old with something of a flat racing pedigree, joined Winter after making little impact in Ireland. Matters changed rapidly once he reached Berkshire. Successful in three of his five races after being second behind Straight Jocelyn at Newbury, Breemount Don probably put up his best performance in slamming Snowshill Sailor over two and a quarter miles at Ascot.

Provided the ground is still on the fast side of good does not inconvenience him in the Dunkirk Chase, he will almost certainly prove too speedy for his opponents.

ASCOT

1.30—Hill Of Slane*
2.00—Valiant Charger**
2.35—True Shot
3.05—Pardon***
3.40—Breemount Don

TV/Radio

† Indicates programmes in black and white

BBC 1

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Over the Moon. 2.01 For Schools, Colleges. 3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Tarzan, Lord of the Jungle.
5.00 John Craven's Newsround.
5.10 Grandad.
5.40 News
5.55 Nationwide (London and South East only)
6.20 Nationwide
6.45 Angels
7.10 Star Trek
8.00 Mastermind
8.30 Terry and June
9.00 Party Political Broadcast by the Liberal Party
9.10 News
9.35 The Risk Business. Can you trust the British worker?
10.10 Sportsnight
11.00 News Headlines
11.02 Parkinson and guests
12.02 am Weather / Regional News

All Regions as BBC-1 except at the following times:—

Scotland—12.40 pm The Scottish News. 5.55 Reporting Scotland. 10.10 European Sportscene. 12.02 am News and Weather for Scotland.

Wales—11.02 am I Ysgolion. 5.10 pm Billdowcar. 5.55 Wales Today. 6.45 Heddiw. 7.05 Pawb yn ei Ffordd. 7.35 Angels. 12.02 am News and Weather for Wales.

Northern Ireland—3.53 pm Northern Ireland News. 5.55 Scene Six. 8.30 Spotlight on Northern Ireland affairs.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.20 am Gbarbar
11.00 Play School (as BBC-1 3.55 pm)
1.45 pm Racing from Ascot
†5.40 Flash Gordon's Trip to Mars
6.00 Adventure at Sea
6.50 Day Out
7.20 Mid-Evening News
7.30 The Old Grey Whistle Test
8.05 The Book Programme
8.30 Discovering English Churches
9.00 Party Political Broadcast (As BBC-1)
9.10 M*A*S*H
9.35 The Mathis Collection. Johnny Mathis at the Royal Albert Hall, part 2
10.30 The Camerons
11.30 Late News
11.40 Open Door (The Legalise Cannabis Campaign)

ITV REGIONS

All IBA Regions are operating normally this week but full schedule details were not available at Press time.

9.30 am Schools. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 Farmhouse Kitchen. 1.00 News. 1.20 Thames News. 1.30 Armchair Thriller: "Rachel in Danger." 2.00 Once in a Lifetime. 2.45 General Hospital. 3.45 Definition. 4.15 Kids World. 4.45 Shadows. 5.15 Sam.
5.45 News
6.00 Local programmes
6.35 Crossroads
7.00 Lingalongamax
7.30 Coronation Street
8.00 London Night Out
9.00 Party Political Broadcast by the Liberal Party
9.10 Quatermass
10.10 News
10.40 Documentary: Police Woman
11.40 Facts for Life

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf; London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Jimmy Pursey. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 6.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 5.45 Sports Desk. 7.02 The Organist Entertains (S). 7.30 Listen To The Band (S). 8.15 The Magic of the Musicals (S). 9.02 Green On . . . Robin: Benny Green talks about Leo Robin (S). 9.55 Sports Desk. 10.02 The News Huddlines with Roy Hudd. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.05 am You And The Night And The Music with Geoff Bennett (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice: Record requests, part 1 (S). 8.00 News. 8.05 Records, part 2. 9.00 News. 9.05 This Week's Composer: Britten (S). 10.00 Music For Organ (S). 10.45 Cheltenham International Festival of Music 1979: Oboe and piano recital (S). 11.30 Brahms and Dvorak concert, part 1 (S). 12.05 pm In Short (talk). 12.15 Concert, part 2 (S). 1.00 News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Fifty Years of British Music (S). 3.40 Melos Quartet of Stuttgart: Schubert concert, part 1 (S). 4.15 Interval Reading. 4.20 Concert, part 2. 5.10 Young Music-Makers (S). 5.25 Homeward Bound (S) including 5.45-5.50 News. 6.15 At Home (S). 7.10 BBC Manchester Master Concert, part 1 (S). 8.20 Six Continents. 8.35 Concert, part 2 (S). 9.10 Childhood's Pattern (S). 9.40 Scientifically Speaking: The Nobel Prizes. 10.30 Beethoven and Schumann piano recital (S). 11.30 Talk Of The Devil. 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week With Russell Harty. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 The Small Back Room. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You And Yours. 12.27 The Small, Intricate Life of Gerald C. Potter. 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My World (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Reith Lecturer: Professor Ali Mazrui in conversation. 8.15 Pen To Paper (S). 8.45 File on 4. 9.30 Kaleidoscope in China (Report from Shanghai). 9.59 Weather. 10.00 The World Tonight. 10.30 Having A Nice Day. Montage of American radio broadcasts. 10.55 Sounding Off with Roy Fisher. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time. 8.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports. 8.00 Jazz After Eight with Keith Howell. 9.00 Nightline with Jenny Lacey. 12.00 LBC Reports Midnight. 1.00 am Night Extra with Alan King. 4.00 Jazz In Stereo. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,113

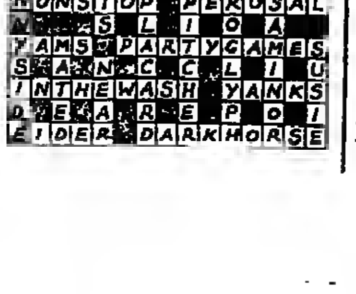
ACROSS

1 Scorch hair in plant (6)
5 A piece of timber in a ship (6)
9 Adjourn in favour of rascal (8)
10 Part of cuttle-fish in damaged sack (3-3)
12 Volume of literature soldiers follow (5)
13 Halt and observe timer (4-5)
14 Drink for each late meal (6)
16 Diet for body of soldiers commanded by colonel endlessly (7)
19 Wine drink for pavilion supporter (4-3)
21 Terminate telephone call and obsessional problem (4, 3)
23 Flower from sweet cluster (9)
25 Delayed having gas installed for the machine (5)
26 Yearn to set on in position at Trent Bridge (4-2)
27 He wants publicity for each new order. It's a worry (8)
28 Recapture a second picture (6)
29 Sticking notice in this place in front of book (8)

DOWN

1 Copper work put up on the French dome (6)
2 Engaged in act giving complete change of opinion (5-4)
3 Mislay ring inside but it's not close-fitting (5)
4 Track right for a swift horse (7)
6 Players take joker on for a fashionable movement (4-5)
7 Something worth having when planted (5)
8 Sailor with pack of cards and what he deals (4-4)
11 Doctor gets two circular letters in entrance (4)
15 Opium supplier on tap? Nonsense! (9)
17 Must accept nothing over pain on upper lip (9)
18 Gummed label left inside by narrow-minded tyrant (8)
20 Dig in the dirt for food (4)
21 Impetuous person having recently stolen cape (7)
22 Frustrate some French achievement (6)
24 Musical composition partly in one trill (5)
25 Learner has to move sideways in shelf of rocks (5)

Solution to Puzzle No. 4,112



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA Tonight & Sat 7.30 Figaro. Fri 7.30 Pattience. Thur 7.00 The Turn of the Screw. 104 balcony seats avail from 10 am on day of perf. Booking now open for Dec.

COVENT GARDEN. CC. 240 1066. (Gardencharge credit cards 836 6903.) THE ROYAL OPERA. [illegible] The Royal Opera House regrets to announce the cancellation of the scheduled perfs of Der Rosenkavalier [illegible] Full refunds are avail. from the Box Office. [illegible] THE ROYAL BALLET Tomor. 7.30 ROMEO AND JULIET. [illegible] THE SLEEPING BEAUTY. 65 Amphi seats avail for all perfs. from 10.00 am on day of perf.

[illegible]

SADLER'S WELLS THEATRE, Rosebery Ave. EC1. 837 1672. Last week. Evgs 7.30. Tonight & Fri Scissione. Tomor & Sat Hercules.

SADLER'S WELLS THEATRE, Rosebery Ave. EC1. 837 1672. Credit cards 837 3856. SCOTTISH OPERA. Nov. 7, 20, 22 and 24: Don Giovanni. Nov 21 and 23: Orfeo ed Euridice.

THEATRES

ADELPHI. CC. 01-836 7611. A SUMPTUOUS NEW PRODUCTION OF MY FAIR LADY. [illegible] LIZ ROBERTSON, PETER BAYLISS and ANNA NEAGLE. THE WORLD'S GREATEST MUSICAL. [illegible]

ALBERY. [illegible] A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER. "MIRACULOUS MUSICAL." Financial Times. With GEORGE LAYTON, HELEN SHAPIRO, MARGARET BURTON. [illegible]

ALDWYCH. CC. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Ton't., Tomor., Fri. 7.30. Sat. 2.00 and 7.30 low price prevs. MEASURE FOR MEASURE. "Spellbinding." Guardian. With: Gorky's CHILDREN OF THE SUN (next perf. 9 Nov.), Moss Hart and George S. Kaufman's ONCE IN A LIFETIME (next perf 12 Nov.). RSC also at The Warehouse (see under W).

AMBASSADORS. CC. 01-836 1171. Evs. 8.00. Fri. and Sat. 5.30 and 8.30. DINSDALE LANDEN GWEN WATFORD, DAVID BURKE ANGELA DOWN in BODIES by James Saunders. "ITS IMPACT HIT ME LIKE A THUNDERBOLT FROM JOVE. THE LANGUAGE BLAZES WITH WIT AND INTELLIGENCE AND ITS THEME ELECTRIFIES." Daily Mail. BODIES. "WHEN WE HAVE LAUGHED AT ITS WIT, BEEN HELD IN THE GRIP OF ITS DRAMA AND REVELLED IN THE COLOUR AND LAYERS OF THE LANGUAGE BODIES STILL RAISES ECHO AFTER ECHO IN OUR MINDS AND HEARTS. DINSDALE LANDEN'S PERFORMANCE IS WORTH GOING MILES TO SEE." Bernard Levin. BODIES. "MR. LANDEN GIVES WHAT I INSIST IS THE BEST PERFORMANCE IN A MODERN PLAY NOW TO BE SEEN IN LONDON." E. News.

APOLLO THEATRE. CC. 01-437 2663. Evs. 8.0. Sat. 5.0 and 8.0. Mat. Th. 3.0. IAN LAVENDER, TERENCE EDMOND, JULIA FOSTER in HAPPY BIRTHDAY. A VERY FUNNY NEW COMEDY BY THE AUTHORS OF BOEING BOEING. "FEYDEAU LIVES CA VA." Gdn. "IT WILL PROBABLY RUN AND RUN." Daily Mail.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. "Hilarious . . . do see it." Sun. Times. Monday to Thursday 8.30. Friday and Saturdays 7.00 and 9.15. NOW IN ITS FOURTH YEAR. Lowest-priced best seats in London. £4.00, £3.35, £1.80 plus 15p temp. members.

ASTORIA. CC. S. 01-458 8031. 01-734 4291. At last in London BEATLEMANIA. "sheer technical perfection . . . awe-inspiring." E. News. BEATLEMANIA. "uncannily like the real thing." Guardian. BEATLEMANIA. "engaging exercise in nostalgia." E. Std. "reinforces my belief that McCartney and Lennon are the greatest songwriters this country has ever produced." D. Express. TUES-THURS. 8.00. Fri.-Sat. 6.00 and 8.40. Sun. 5.00 and 8.00. BEATLEMANIA. Group bookings 437 3858.

BOULEVARD TH. at The Raymond Revuebar. Walkers Court, Brewer Street. CC. Tel. 01-437 2881. PAUL RAYMOND PRESENTS Queen of America's Sex Films MARILYN CHAMBERS. Exclusive British appearance. LIVE ON STAGE. Plus Banned by the Censor, the Hottest look at sexual permissiveness ever! Twice nightly Mon.-Sat. 8 and 10 pm.

CAMBRIDGE. 01-836 5056. Credit cards accepted. 01-836 7040. Mon. and Fri. 8.00. Thurs. 3.00. Sat. 5.00 and 8.30. THE HIT BROADWAY MUSICAL GREAT FAMILY ENTERTAINMENT CHICAGO. "A TRIUMPH." Gdn. "A HIT." People. CHICAGO. "THERE HASN'T BEEN A MUSICAL IN LONDON FOR A LONG TIME THAT COMES WITHIN A MILE OF IT." F.T. CHICAGO. "THE BRIGHTEST, BOUNCIEST MUSICAL COMEDY IN TOWN." NoW. CHICAGO. "A GREAT NIGHT OUT! THIS FAST MOVING AND COLOURFUL SHOW." American Press Group. CHICAGO. "WILL BE DELIGHTING LONDON FOR A LONG TIME." Evening Standard. CHICAGO. "AN UNDOUBTED SUCCESS." D. Tel. CHICAGO. "ALL RAZZLE DAZZLE." E. News. "WIT AND STYLE." Daily Express. CHICAGO. "THERE IS NO COMPARABLE MUSICAL IN LONDON TODAY." S. Telegraph. CHICAGO. "A SUPERB EVENING'S ENTERTAINMENT." Sunday Express. CHICAGO. "A THOUSAND WELCOMES . . . IT WOULD BE A CRIME TO MISS IT." Daily Mirror. Reduced prices for parties. 01-836 8056 and 01-437 5856. Student nurses OAP stand by £1.50.

COMEDY THEATRE. CC. 01-930 2578. Mon.-Sat. 9.00. Mats. Fri. and Sat. 6.30. THE ROCKY HORROR SHOW.

CRITERION. [illegible] IAN McSHANE, TOM BELL [illegible] THE FINEST PERFORMANCES IN LONDON. [illegible]

CRITERION. [illegible] GEORGINA HALE, BRIDGET TURNER, SUSAN ENGEL in NEIL SIMON'S comedy LAST OF THE RED HOT LOVERS. Directed by ERIC THOMPSON.

DRURY LANE. [illegible] CAROL CHANNING in HELLO DOLLY. [illegible]

DUCHESS. [illegible] OH! CALCUTTA! [illegible] LAST 10 WEEKS.

FORTUNE. [illegible] JOHN BARRON, LORRAINE CHASE, ANNETTE CROSBIE, GERALD FLOOD, STEVEN GRIVES, JOHN LAURIE and KENNETH WILLIAMS in THE UNDERTAKING.

FORTUNE. [illegible] AGATHA CHRISTIE'S MURDER AT THE VICARAGE.

GARRICK. CC. 01-836 4601. [illegible] DEATH TRAP. "BEST THRILLER FOR YEARS." [illegible]

GLOBE THEATRE. CC. 01-437 1592. [illegible] ANTON RODGERS, GEMMA CRAVEN, DIANE LANGTON, ANDREW C. WADSWORTH, DAVID HEALEY in THE HIT MUSICAL SONGBOOK. "A TOUCH OF MUSICAL MAGIC." NoW. "This STUNNING OCCASION THE BEST BRITISH MUSICAL OF THIS YEAR AND A FEW GONE BY." Fin. Times. "VERY FUNNY, OFTEN HILARIOUS, RECEIVED WITH DELIGHT." Evening Standard. OVER 100 PERFORMANCES.

GREENWICH THEATRE. CC. 858 7755. Prev Ton't 8.0 Opens tomor 7.0 Subs 8.0. Mat. Sats. 2.30 ROSEMARY LEACH in "SENT A LETTER TO MY LOVE" by Bernice Rubens.

HAYMARKET. CC. 01-930 9832. Evenings 8.00. Wed. 2.30. Sat. 4.30 and 8.00. GERALD HARPER, KATE O'MARA in THE SHERLOCK HOLMES MYSTERY by Paul Giovanni. THE CRUCIFER OF BLOOD. "The kind of spectacle I cannot recall since boyhood . . . terrific stuff." E. News.

HER MAJESTY'S. CC. 01-930 6606. Evs. 8.00. Mats. Wed. 3.00. Sat. 4.45 and 8.15. Can you guess who dunnit? THE CASE OF THE OILY LEVANTINE the new play by ANTHONY SHAFFER AUTHOR OF SLEUTH. Starring HYWEL BENNETT. "ANTHONY SHAFFER'S LATEST THRILLER TO END ALL THRILLERS PARODIES THE CLASSIC AGATHA CHRISTIE COUNTRY HOUSE MURDER MYSTERY." NoW. "MAZE FULL OF PLEASURE TWICE AS SLIPPERY AS SLEUTH AND WICKEDLY INGENIOUS." E.D.P. "MR. SHAFFER HAS WRITTEN A HIGHLY ENTERTAINING PIECE OF INTRICATE NONSENSE WITH SATISFYING BIZARRE AND GRUESOME MURDER." Ev. Argus.

HER MAJESTY'S. CC. 01-930 6606. From Nov 8. Evgs. 8.00. Sat 3.00 & 8.00. SPECIAL LOW PRICE PREVIEWS £1, £1.50, £2, £2.50, £3.50. NICKY HENSON, TERENCE FRISBY, JOSEPHINE TEWSON, ANDREW ROBERTSON and DORA BRYAN in ROOKERY NOOK. The hilarious farce by BEN TRAVERS. Directed by FRANK DUNLOP. Opens Nov. 20 at 7 pm. Book Now. Children ½ price mats. Group Sales 01-379 6061 or Freephone 2381.

KING'S HEAD. 226 1916. Last week. Dnr. 7. Show 8. SHADES OF BROWN. A new South African play by Michael Picardie, with "Antony Sher, one of the best young actors in the country." Obs.

LCA THEATRE. 830 5647. Mon.-Sat. at 8. Joint Stock present THE HOUSE by David Halliwell.

LYRIC, HAMMERSMITH. 01-741 2311. Now rebuilt and restored in its original Victorian splendour. Evs. 7.30. Sats. 8.15. mats. 5.00. YOU NEVER CAN TELL. "A gem of a start for a joy of a theatre." Ev. News. Sun 8 pm Edward Fox, Frank Muir, Dorothy Tutin in HE AND SHE.

LYRIC THEATRE. CC. 01-437 3686. Evgs. 8.00. Mat. Wed. 3.0. Sat. 5.00 and 8.00. RICHARD BRIERS, PAUL EDDINGTON in THE SMASH HIT COMEDY MIDDLE AGE SPREAD. "RICH LAUGHTER." F. Times.

MAYFAIR THEATRE. 01-629 3036. Red. Price Preview Tonight 8.00. Opening Tomor. 7.00. Subs. 8.00. Mat. Wed. 3.00. Sat 6.0 & 8.45. ROGER HUME in Reginald Arkell's OLD HERBACEOUS. Dramatised by ALFRED SHAUGHNESSY.

MAYFAIR. S. 01-493 2031. Dec 17-Jan 5. Daily 10.30 am, 2.00 pm, 4.20 pm. SOOTY'S XMAS SHOW.

NATIONAL THEATRE. 'S' CC. 928 2252. OLIVIER (open stage): Ton't & Tomor. 7.30 (low price prevs.) AMADEUS new play by Peter Shaffer. LYTTELTON (proscenium stage): Ton't 7.45. Tomor 3.0 (low price mat) & 7.45. DEATH OF A SALESMAN by Arthur Miller. COTTESLOE (small auditorium): Ton't tomor and Sat. at 8.00 LARK RISE by Keith Dewhurst from Flora Thompson's book (promenade season—all tkts. standing). Excellent cheap seats from 10 am day of perf. all 3 theatres. Car park. Restaurant 928 2033. Credit card bkgs. 928 3052.

OLD VIC. 928 7616. Old Vic Company repertoire season returns. ROMEO AND JULIET Today 2.30 and 7.30. Ian Richardson in THE GOVERNMENT INSPECTOR. "The best evening of laughter in town." D. Tel. Thurs., Fri., 7.30, Sat. 2.30 and 7.30. For further information on the season, ring 261 1821.

OPEN SPACE. [illegible] by Strindberg. [illegible]

PALACE. CC. 01-437 6834. [illegible] JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber. [illegible]

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in Rodgers and Hammerstein's THE KING AND I. Also starring Virginia McKenna. [illegible]

PHOENIX THEATRE. CC. [illegible] SUSAN HAMPSHIRE, PAUL EDDINGTON [illegible] NIGHT AND DAY. A new play by TOM STOPPARD. Directed by Peter Wood. BEST PLAY OF THE YEAR. Evening Standard Drama Award.

PICCADILLY. [illegible] PETER BARKWORTH, HANNAH GORDON in Brian Clark's new play CAN YOU HEAR ME AT THE BACK? "WONDERFUL PLAY, WONDERFUL PERFORMANCES." NoW. "ARTICULATE AND WITTY." [illegible]

PRINCE EDWARD. CC. 01-437 6877. Evenings 8.00. Mats. Thurs. and Sat. at 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince.

PRINCE OF WALES THEATRE. [illegible] TOMMY STEELE in "THE SHOW I LOVE." [illegible] "A TRUE FAMILY ENTERTAINMENT." [illegible]

QUEEN'S THEATRE. CC. 01-734 1166. [illegible] "A PERFECT MATCH FOR THE WEST END. FRESH, FUNNY & INGENIOUS." [illegible] "THIS EXCELLENT COMEDY." Standard. Over 500 performances.

RAYMOND REVUEBAR. CC. 734 1593. At 7.00, 9.00, 11.00 pm. Opens Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. 22nd sensational year. Fully air-conditioned.

ROYAL COURT. 730 1745. Mon. to Sat. Evgs. 8.00. World Premier to David Lan's SERGEANT OLA AND HIS FOLLOWERS. "Attention-grabbing . . . fascinating . . . seductive." Guardian.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. Opens Ton't at 7.00. Subs. Mon. to Sat. 7.30. Foco Novo in THE GUISE by David Mowat.

ROYALTY THEATRE. Portugal Street, Kingsway, WC2. Tel. 01-405 8004. "S" CC. New York's smash hit. For COLORED GIRLS who Have Considered Suicide When the Rainbow is Enuf. "Elegant, poetic, ravishing to look at often very funny . . . bubbling vitality." O. Tel. "Pulsating with energy . . . super cast . . . original and uplifting." Fin. Times. Mon.-Sat. Evenings at 8.00. Easy parking and restaurant. 400 seats available at £2.50 each perf.

ST. GEORGE'S — THE ELIZABETHAN THEATRE. "S" 607 1128. Evgs. 7.30. Mats Tue & Thur 2.30. Ton't, Tomor mat JULIUS CAESAR. Tomor evg. to Sat. AS YOU LIKE IT. 24 hour booking service.

ST. MARTIN'S. Credit cards. 836 1443. Eves 8. Mats. Tues. 2.45. Sat. 5 and 8. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN.

SAVOY THEATRE. 01-836 8888. Credit cards 01-734 4772. LESLIE PHILLIPS, JUNE WHITFIELD, SYLVIA SYMS in NOT NOW DARLING by Ray Cooney and John Chapman. Reduced prices until Nov. 8. Nov 7 at 3.0. Mon.-Thurs. 8.0. Fri. and Sat. 5.45 and 8.45. Group bookings 01-437 3856.

SHAFTESBURY THEATRE. 01-836 4255. Nightly 8.00 in repertoire, all seats £2.50. THE LUNATIC FRINGE. 4 smash hits of the Edinburgh Festival. All This Week (ex. Fri.) Matinees Today and Sat. 3.00. TIN PAN ALI. "Superb . . . unbelievable don't miss this show." Radio Forth. Fri. November 2nd INSTANT SUNSHINE.

SHAFTESBURY THEATRE. 01-836 6596. Opens 27 Nov. Prevs. from 22 Nov. HELEN GELZER, CHARLES DANCE, BERNARD SPEAR in the stunning new production of IRMA LA DOUCE. Directed & Choreographed by BILLY WILSON. Postal and telephone bkgs. now being accepted.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Sat. 5.30 and 8.30. LONGEST-RUNNING COMEDY IN THE WORLD— NO SEX PLEASE— WE'RE BRITISH. Directed by Allan Davis. GOOD SEATS AVAILABLE £2.50 to £5.50. £1 OFF TOP PRICE STALLS & DRESS CIRCLE. Seats booked and paid for 1 month in adv. (ex. Sat.) 2nd perf. Credit Cards 836 4143.

STUDIO THEATRE. Evgs. 8.00. Sats. 7.00 and 9.30. Fenella Fielding in FENELLA ON BROADWAY, WC.

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. CELEBRATING 21 YEARS from 8.00. Dining and Dancing 9.30 SUPER REVUE BUBBLY at 11: MARTY CAINE.

VAUDEVILLE. CC. 01-836 9988. Evgs. 8. Mats. Tues. 2.45. Sat. 5 and 8. EDWARD FOX in THE FAMILY REUNION by T. S. ELIOT. "Sheer magic." Financial Times. "This is Eliot's greatest play." D. Tel. LIMITED SEASON ends Nov. 17.

VAUDEVILLE. 01-836 9988. Opening Nov 21 at 7.0. Subs evs 8.0. Sat. 5.30 & 8.30. ALAN BATES in STAGE STRUCK a new thriller by Simon Gray. BOOK NOW.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45. ANNIE. "UNBEATABLE FAMILY ENTERTAINMENT." Observer. "Best musical of the year, 1978." E. St.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. Royal Shakespeare Company. Ton't tomor 7.30. Peter Whelan's CAPTAIN SWING. "Astonishing new work." Financial Times. All seats £2.10. Students £1.10. Adv. bkgs. Aldwych.

THEATRES & CINEMAS ARE CONTINUED ON PAGE 18

THE ARTS

Nottingham Playhouse

Hamlet

by B. A. YOUNG

Nottingham Playhouse, no doubt like many another subsidised theatre, has just had a warning to tighten its financial belt. Surely it can't be any tighter than it is for this poverty-stricken *Hamlet* directed by John Chapman.

The set, designed by Trevor Pitt, is a plain box of white-painted planks with a great battle-scene all round at first-floor level. Cheap whitewood furniture stands about, even on the battlements (where Hamlet sits mute throughout Act 1, Scene 1, making nonsense of the story). Claudius and Gertrude are sometimes seen finishing a meal upstage while something more important happens downstage, such as Polonius's charge to Reynaldo and Ophelia's report of Hamlet's first madness. Ophelia tries to report this sooner, but seeing that her father is busy, she exits and waits until Reynaldo has gone.

The court is thinly populated. The attendant lords are confined to Rosencrantz and Guildenstern, disguised when necessary by taking their caps off, Osric, who serves at the royal table with his famous hat on, and occasionally Horatio. So it's not surprising that the King himself sometimes has to help shift the furniture. The King is well played by Derek Godfrey, but Mr. Godfrey changes little when he doubles as the Ghost, in which part he is hardly armed head-to-foot.

It would be asking a lot of Karl Johnson to give a classic Hamlet in such circumstances, especially as he replaced Michael Feast, absent ill, after rehearsals had begun. It is common for the Prince, the "glass of fashion and the mould of form," to take on some topical shape, and Mr. Johnson, with his untidy hair, emaciated face, single earring and unkempt clothes, is the first punk Hamlet. He gives occasional hints of a good Hamlet, in his dialogue with the Players, for instance, and in the "Now might I do it pat" scene, but mostly his playing is superficial and colourless. He does some curious things, like drawing his sword on the Ghost just as he is calling it "King, father, royal Dane" and hurling his mother full-length on her bed. His misunderstanding of the Queen's cry of "*The drink, the drink!*" (he offers her some more) is interesting.

Di Trevis is a tough, hunting Ophelia straight from the Vale of Belvoir, and Fiona Walker a nice motherly Gertrude. David Baron makes Polonius a great bully-boy quite at odds with his words. Apart from Rosencrantz, Guildenstern, Osric and Laertes, the remaining 13 characters (who don't include Voltemand and Cornelius) are played by four actors—five if you include the Player Queen, a nice teenage boy who evidently had to be off home before curtain-call time.

Wigmore Hall

Dorothy Dorow & Cluster

by DAVID MURRAY

There was a time when every other piece of new British music seemed to include in its instrumentation one Dorothy Dorow and one Rosemary Phillips; they were the soprano and the contralto who could be counted upon to bring both accuracy and musical conviction to the post-Webern enterprises of the young British school. Marriage removed Miss Dorow to Scandinavia, where she continued to fulfil her invaluable role. On Monday she reappeared in London with Cluster, a skilful ensemble consisting of flute, saxophone, guitar and percussion, to offer a mini-conspectus of recent Scandinavian music, under the auspices of Jeremy Parsons and the Anglo-Finnish Concert Society.

Most of the composers represented were Finnish. The exceptions were the young Dane Hans Abrahamsen, whose unpretentious *Aria* assigned an austere, angular line to the soprano over chiming permutated chords (musical parsimony, or penury?), and the Icelander Atli Heimir Sveinsson, whose overwritten lullaby wore modish trappings over a dully familiar frame. The flautist Mikael Helasvuo and the saxophonist Pekka Savijoki made purposeful and attractive sounds in their respective solo pieces, Paavo Heininen's *Discantus I* and Jouni Kaipainen's "... la chimère de l'humidité de la nuit?" The latter, derived from an earlier song cycle on poems of René Char, exploited the liquid resources of the saxophone rather well.

The most ambitious pieces were by Usko Meriläinen and the veteran Erik Bergman. Meriläinen *Simultus for Four*, commissioned for the Cluster players, is an exercise in establishing contrasted musical characters and integrating them; that was coolly effective and honestly carried out, if without much compelling force. Bergman's *Triumph of Being Here* is a setting of three brief lyrics (the third much of a muchness with the Stefan George poem with which Schönberg concluded his Second Quartet), the formal musical content utterly fragmentary in the first two and the third ornamented with starwhirls from the flute—a Van Gogh heaven made audible. As theatre-pieces they were remarkably potent, acclaimed with authority by Miss Dorow and thunderously enriched by Pauli Hämäläinen's set of magnificent gongs.

Shaftesbury

Tin Pan Ali

by ANTONY THORNCROFT

It's a bold gesture on the part of Brian Rix to bring the four popular successes of the Edinburgh Festival to London for an airing, although he has weakened their chances of global take off by booking them into the old Shaftesbury. This is particularly true of this week's offering (Friday excepted) *Tin Pan Ali* which began as a school production and cries out for the intimate atmosphere of a packed and adoring gym.

Jeremy James Taylor, ex-Young Vic, concocted this rather unlikely marriage of the Ali Baba story and 1920s mobster Chicago and has a gang of almost 70 boys, average age 13, as a cast, all untainted by drama school. They do their bit gallantly despite attacks from under-rehearsal, microphone feedback, a heavy banded band, and a stilted production. When they are allowed to move around a bit the idea comes to life and there are some good individual performances. Ironically, many of these come from boys playing girls, surely quite unnecessary these days and almost creepy, too.

The whole effort is blown up out of its proper size, not least in its protracted length. The musical pastiche of period rags and rhythms is fine, and the production numbers are easily the best thing in this attractively natural and uncomplicated evening. All those involved probably enjoyed themselves immensely which is much more important than any great critical success.

Television

BBC pulls out the plums

by CHRIS DUNKLEY

There were some comically naive comments about viewers' reactions to the disappearance of ITV. One of the commonest went "Well well, here we are, umpteen weeks without ITV and no public outcry. People just aren't missing their fix. If I was ITV I'd be worried. Do you think they'll ever get their audience back? Interesting that viewers aren't the addicts that everyone thought, isn't it?"

Which is rather like saying of a Rothman's smoker who has been denied his usual cigarettes "There you see, he isn't hooked at all" and ignoring the 60 Bensons a day which he is smoking instead. According to the BBC's audience research figures for September total viewing was down just 3½ per cent over the month compared to 1978. They claim that 92 per cent of the normal amount of ITV viewing simply transferred to the BBC and that the number of people watching television on an average day was 39,500,000 this year compared to 40,000,000 last year—a drop of less than 1½ per cent.

The people ITV may very well find hard to retrieve are some of their advertisers who have been forced to discover or rediscover different means of promotion during ITV's long absence. (Incidentally it is remarkable how infuriatingly intrusive the commercials seem now that ITV is back after 10 weeks of the BBC's uninterrupted programmes. Brand names are actually getting through. Presumably it will take a little while for our brains to redevelop their automatic commercial cut-out switches.)

As for the programmes, though, I shall be amazed if it takes ITV more than a month and probably less to win back 95 per cent or more of their straying audience. It is not just that *Crossroads* and *Coronation Street* fans will switch back as though nothing had happened—since, indeed, nothing has—it is the sheer wealth of ITV compared to the BBC.

As time goes by BBC programmes are affected more and more by the corporation's deepening poverty. Those coming from ITV are financed from the richest boom in the history of commercial television, and the surprise is that the contrast is not even more noticeable. Of course having ten weeks taken out of the autumn schedule, the year's best, is embarrassing both financially and in terms of programmes lost. But it must also mean presumably that now they are back with a drastically shortened season to fill, ITV can spoil us with plums from their store room.

Yet there was little evidence of that in their first few days back. *Quatermass* was one of the few obvious plums, but although it is a moderately glossy production stylishly directed on film by Piers Haggard it is not, unfortunately, the real treat for which one might have hoped. The trouble is that Nigel Kneale, the man who wrote the original *Quatermass* in the early fifties, seems like so many script writers to be suffering from the doomwatch syndrome.

Despite the immense and growing benefits of science to British society — longer life, healthier children, greater mobility, less work, more play, and so on—it is the idea of "urban collapse" which Kneale dwells on, and international disaster, too. It has about it much of the gloomily apocalyptic feel of that other futuristic tv serial *Survivors*. Which is not to say I shall miss Part 2. . . .

Another "Come back, look what we've got" tempter, or supposed tempter, was *Ike*, an American mini-series (their phrase, not mine) which may have built and held an audience with its action sequences, even though several of them were monochrome newsreel clips with colour tints added, producing such a weird compromise—like one of those 1935 hand-coloured sepia postcards—that they had to degrade the surrounding modern material to make it match.

On the other hand, the whole thing may prove to have been something of a disaster in Britain. Showing Eisenhower as a paragon of all the virtues, combining all the war-winning abilities of John Wayne and Errol Flynn, may be an attractive formula in North America, as may the depiction of Montgomery as a blustering coward, but it seems less of a sure-fire thing over here.

However, London Weekend's second collection of awful moments excised from films and television programmes, gathered together under the solecistic title *It'll Be Alright On The Night*, really was a plum. Like all plums it had a stone in the centre which should have been discarded before the fruit was offered for public consumption: the comments from Richard Harris, Glenda Jackson and so on which slowed the programme down so much.

The impact and humour of the clips — showing the "specially strong" raka which fell apart, the ferret sinking its teeth into the interviewer's finger, detective Cannon snarling "Let's live dangerously" and driving off in reverse, and many more—could only be reduced by the long introductions explaining how funny the next bit was going to be. Even then they *were* very funny.

Which is more than can be said for Muhammad Ali who appeared later on the same evening showing his *Greatest Hits* to a studio full of what American sports writers describe unkindly but vividly as "*jock sniffers*." Ali was the greatest heavyweight the world has seen, but the more capital the sycophants encourage him to make from the fact, the less interesting it becomes. Complete with "impromptu" questions planted among the "celebrities" the programme was one of those bizarre and tasteless non-events which television creates so often these days.

The Professionals which is ITV's mid evening keystone on Saturday evening and *George and Mildred* which serves the same purpose on Tuesdays are both made to such unchangeable formulas that they might almost as well be repeats. In fact, despite their penury, the BBC seem to be producing most of the plums.

Their *Fawlty Towers* which also worked to a formula of sorts had a line or piece of business in every episode making it memorable. Thursday's delayed final episode, concerned with the hotel inspector and Manuel's "Siberian hamster," i.e., rat, had at least two: the confusion over Basil being put in the ratatouille and Basil's final resigned hysterical offer to the bemused diner "Would you care for a rat?" The secret of Basil Fawlty, one of the few truly great television comedy originals, was surely that although his nastiness was laughed off as comedy, we were left in no doubt that underneath it all he was really nasty.

Sadness at losing Basil is lessened slightly by a growing belief that in *Not The Nine O'Clock News* the BBC may at last have hit pay-dirt again in the topical comedy field. Being tellingly but humorously offensive in this area is a fine art, and *the feeling that NTNO may have got it* began to gel last week with a cod news item which although cruel contained a sharp comment about political ruthlessness: "Speculation is growing about the existence of a fourth Kennedy brother who has been going around bumping off the others so that he can have a go."

The feeling really solidified with Rowan Atkinson's magnificent diatribe against *That's Life* which started "There's 'er in the foreground like some overgrown walkin' denture commercial . . ."

What is more it is even beginning to seem on third thoughts that BBC 2's *Discovering English Churches* may be a plum. First thoughts were of the pleasure particularly on dark evenings of having some more programmes after *Spirit Of The Age* and *Six English Towns* to detail English architecture. Second thoughts were given to incredulity at the discovery that the tone Donald Sinden adopts in reformation comedy to mince such phrases as "Stap me vitals, the grind's going rind and rind" is actually his real voice. Third thoughts are that you can get used to Sinden's amazing diction and that he does seem admirably well informed—assuming the scripts are his own as we are left to infer.

For the BBC it would be pleasing to think that this and their other series could retain the 92 per cent of ITV viewing which was transferred during the strike. Pleasing but dreadfully naive.

John Mills addresses some of the Planet People in 'Quatermass'

Cassel State Opera

Lohengrin

Some Wagnerians profess to find *Lohengrin* a beautiful bore; they would be bored neither by the music nor the drama — for quite different reasons — at Cassel's new production. Werner Schroeter, though an experienced film and theatre director, has not produced opera before; as co-designer of the set, with Walter Perdacher, he fills the stage with a vertical section of the Eiffel Tower, which serves adequately for the oak tree on the banks of the Scheldt, perfectly well for the Minster in Antwerp, and extremely badly for the bridal chamber.

The cast clambers like a herd of chamois over this structure. Sometimes the continual movements distract, sometimes the tableaux achieved are strikingly effective. Alberte Barsacq's costumes are Pre-Raphaelite in style — Elsa and her ladies remind one irresistibly of the love-sick maidens in *Patience*. Ortrud wears gold lamé by day and black silk that illuminates, outlining her torso, at night.

Seizing on Ortrud as the dominant figure in the drama, Herr Schroeter builds his entire production around her. Rose Wagemann, vocally excellent, is made to prowl the stage like Snow White's wicked stepmother, swishing her cloak, tracing circles in the air and wriggling her fingers, often in other singers' faces—notably in Lohengrin's, just as he embarks on "Nun sei bedankt, mein lieber Schwan!" Arley Reece continues to address his invisible swan in dulcet *mezza voce*. Helped rather than hindered by the producer's lack of interest in the central character, the Texan tenor, who must be the largest Lohengrin since Melchior, concentrates on the musical aspect of his role; he produces ringing top notes as well as some finely controlled lyrical singing.

Elsa, often dismissed as stupid and uninteresting, brings out the directorial best in Herr Schroeter, who makes her a neurotic, ecstatic adolescent. Listening to Lohengrin's narration lying full length at his feet, she clutches the sword with which he has just killed Telramund to her breast, and the sexual connotations are as clear as in Pamina's attempt at suicide in *The Magic Flute*. Barbara Honn sings with pure timbre, the hysteria which drives Elsa to ask the fatal question expressed in her phrasing.

ELIZABETH FORBES

Festival Hall

Barenboim

by MAX LOPPERT

In six recitals at the Festival Hall this season, Daniel Barenboim has organised an ambitious and very rewarding conspectus of the "Great Masterpieces of the Keyboard from Mozart to Liszt." The first, on Monday, was devoted to the last three Beethoven sonatas, and was notable throughout for a beauty of sonority that justified the pianist's right to attempt the conquest of these pianistic Himalayas. Despite the successful profusion of his other performing activities, Barenboim as a musician is at his most natural at the piano; alike in his posture and in his individual brand of sound we recognise how rightfully he belongs to the instrument. Common to the execution of all three sonatas was a delicacy of soft playing that reminded one how often these works are required to suffer brutal or at best hasty articulation in the service of some jejune, incompletely digested view of their profundity. A single quietly taken chord change—say, the movement from E flat dominant seventh to 6/4 G minor at the return of the Op. 110 *arioso dolente*—becomes under Barenboim's fingers an instant when the instrument draws one into its thrall.

Nevertheless, the suspicion arose quite soon, and hardened into certainty during the variation movements of Opp. 109 and 111, that a drenching, shining beauty of tone will not on its own supply the sense of intellectual fibre, of (to borrow the Rolland view of Beethoven that the pianist may consciously have been avoiding) Promethean fire in the music. Little yieldings, succulently sighing *ritenuti*, a dandling and fondling (in the first variation of the E major third movement) of the octave leaps and upward appoggiature, introduced into the noble progression a flavour almost Mendelssohnian.

Neither here nor in the second movement of the C minor sonata did it seem that Barenboim had pondered the wisdom of Tovey's remarks about "those Greek simplicities of Beethoven's later style where the player can do nothing but leave the text to speak for itself"; for the result of his *espressivo* responses—all heartfelt, spontaneous, and sensible of a strong identification with the music—was to deny the movements their grandly simple unfolding, their gradual gathering of wings. Most successful was the first movement of Op. 110, whose airy arpeggiated lyricism can survive a degree of pianistic fancy — indeed, thrives on it. Least was the first of the C minor, which acquired a portentous gait (in contrast with the rapture of his soft playing, Barenboim's *forte* quite often sounds puffed-up and "manufactured") and whose striving semiquaver scales occasioned an unusual amount of overspill.

Pizza Express, Dean St., W.1

Hal Singer

by KEVIN HENRIQUES

Tenor-saxophonist Hal Singer is one of those unsung, highly accomplished musicians jazz has in abundance. Someone who, though not an innovator, has enjoyed a long and noteworthy if not headline-hitting career, who has given and continues to give, pleasure to many and who is always a joy to hear. He certainly was on Friday at the Pizza Express, towards the end of a short stay at this ever-enterprising venue.

Oklahoma-born Singer has been based in Paris since 1965 after a lifetime in the United States which encompassed spells with many diverse bands including those of Lucky Millinder, Duke Ellington (six months) and Hot Lips Page. His playing is deeply rooted in the blues and before coming to Europe he spent quite a few years in rhythm and blues groups.

Singer's avowed inspirations, Don Byas and Coleman Hawkins, reflect forcefully in his playing which is fully and roundly toned. His melodic invention is sparkling, simply a joy to listen to. His choice of tunes covers a wide spectrum from the much-heard standard "Pennies from Heaven" to Thelonious Monk's "Rhythm-a-ning." And when he plays a lowdown dirty blues such as "See See Rider" you know for certain you are getting the genuine article.

Such warm, straightahead, no-nonsense playing is much enhanced if the support is equally rooted. On Friday Singer had an especially felicitous duo behind him: American drummer Bobby Rosengarden, a slick artist, especially with the brushes, and becoming one of the most welcome visitors to London, and organist Mike Carr, displaying the liveliness which makes him the country's most creative and swinging organist. These two had some notably sprightly duo workouts, each sparking the other.

Their teaming with Singer's booting tenor made for a particularly satisfying and memorable evening. Singer, on his first engagement at the Pizza Express, seems a compatible choice for a rendezvous where surprises are the order of the night. On Friday he invited to the stand veteran Snub Mosley, who forsook his slide saxophone and played exuberant trombone. Later, pianist Ian Henry niftily filled in during an interval. Then for the straggling insomniacs there was the after-hours bonus of actor John Turner, casually sitting on a table essaying a Jimmy Rushing-type vocal with Lennie Felix on piano and Hal Singer obligingly blowing an obbligato or two.

Such impromptu moments (and there have been many at the Pizza Express) help create that expectant atmosphere all too rarely found in any jazz spot nowadays.

Arts Council grants to increase literature prizes

The Arts Council has agreed to make two grants to increase the value of literature prizes administered by PEN English Centre and by the Poetry Society. It was announced last year that the trustees of any literature prize could apply for grants to enable their value to be increased to a limit of £1,000. The grants now being made include money for increasing the value of the prize and the judges' fees as well as administrative costs.

A grant of £900 has been offered to the PEN English Centre to increase the value of the Silver Pen Award, made annually for the best novel of the year. A grant of £460 goes to the Poetry Society to increase the value of the prize and judges' fees for the Alice Hunt Bartlett Award. This award, which has been administered by the Poetry Society since 1965, is made annually to the poet the Society most wishes to honour and encourage in that year.

The award is given for a specific book published within the year of the award and it is stipulated that this book should contain at least 20 poems or 400 lines written in the English language.

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Wednesday October 31 1979

Britain needs the coal

EVEN IF no coal is ever mined in the Vale of Belvoir, the inquiry that began here yesterday will fulfil an important purpose if it exposes the rich seams of humbug which have fuelled the debates between "environmentalists," governments and industrialists round the world for the past decade. If the Inspector and his two expert Assessors do their job well, their report should embarrass both the Coal Board, by delving into its production costs and the Department of Energy, by underlining the failure of all its attempts to forecast Britain's energy balance. But the greatest value of the inquiry will be to expose the irrationality and social bias which underpin the environmentalist case on this more clearly than on any other recent issue.

Confusing tangle

So far, in limbering up to the inquiry, the opponents of the Vale of Belvoir project, which should produce 7m tonnes of coal annually for some 70 years, have come up with a confusing tangle of arguments. It has been claimed at various times that coal mining will despoil 96 square miles of beautiful and fertile countryside; that the coal to be mined in Belvoir could be obtained instead from existing coal mines; that the estimates of coal demand in the 1990s are no more than guesswork; that alternative energy sources have not been explored adequately; that it is wrong to "waste" coal by burning it in power stations when it will, in future, be a vital source of hydrocarbons.

While there is a degree of truth in all these claims, a rigorous attempt to follow through the logic of the environmentalist position shows that it is riddled with contradictions. For example, it has been claimed on the one hand that the Coal Board has overestimated its ability to sell coal without subsidies, because of its uncompetitive production costs. On the other hand, the Coal Board is told by the protesters that it should continue to exploit old seams which have neared exhaustion after an average of 90 years of working, instead of developing new fields, like Belvoir, where productivity should comfortably exceed international standards. The "moral" basis of the environmentalist case is similarly self-contradictory — coal is simultaneously too valuable to our grandchildren to be burned at power stations and not valuable enough for us to justify the loss (according to the Coal Board) of less than 500 acres of farmland.

In the final analysis there are only three coherent reasons for opposing the Coal Board's plans, and it will be interesting to see how the protestors divide on them. There will be those who claim that the official forecasts of Britain's total energy growth are irresponsible because the human race has a duty to eschew economic growth because of its environment impact. A belief that energy demand has merely been over estimated or that slow economic growth is likely is not a good enough reason for opposing coal development. Anyone interested in promoting growth should want to ease the energy constraints on it.

A second group of objectors may believe that, while economic growth is desirable, the development of nuclear power or other energy sources will be so rapid over the next two decades that coal production will become irrelevant to the nation's needs, as it was becoming in the 1960s. Advocates of alternative energy sources should admit, however, that the environmental disruption produced by electricity generation through windpower, solar energy and wavepower, if these ever become feasible, is likely to be immeasurably greater than the six tall winding towers and dozen artificial hillocks that the Vale of Belvoir will suffer.

Local opposition

But the biggest opposition to the Belvoir development stems not from these broad philosophical reasons. The National Farmers Union and local residents object simply because they are afraid that their business or quality of life will suffer as a result of the eyesores the Coal Board imposes on them, the subsidence and waterlogging that may affect their farms and, not least, the influx of 3,800 miners into their quiet, predominantly middle class valley. These may be good grounds for demanding generous compensation and careful planning of the development. But they are not reasons for dashing Britain's hopes of energy riches in the 21st century.

A chance for the Basques

SPAIN'S transition to democracy has not been easy. But it has been achieved much more smoothly than many people once feared. In the early stages, Sr. Adolfo Suarez, the Prime Minister, was accused of concentrating too much on politics and neglecting the country's economic problems. Subsequently, he has been criticised for failing to tackle the country's powerful centrifugal pressures, exemplified most dramatically by the Basque separatist movement. It was always clear that the separatist challenge would have to be met squarely if a viable new Spain were to emerge from the long Francoist twilight.

Devolution

Following last week's referendum in the Basque country and Catalonia, the Government can claim that it has gone a long way towards meeting that challenge. In both regions the turnout, at just above 60 per cent, was remarkably similar, as was the percentage of those voting in favour of what would be called "devolution" in the UK. The abstention rate was lower than had been feared, and the Government is entitled to take considerable credit from the fact that roughly 90 per cent of those voting approved its autonomy plans. If the Basque extremists continue to press for full independence, which must be totally unrealistic by any objective standards, it is clear that a large section of the population now accepts that the Government has gone as far as it can reasonably go.

The autonomy statute is much more than a symbolic palliative to local discontent with centralist rule from Madrid. Both Basques and Catalans are to have their own Parliaments and their languages are to have official status alongside Spanish. The Basques will have responsibility for planning their own economic development, controlling local savings banks and administering the regional social security system. They may ultimately establish their own internal police force, although the timing of this important provision is vague. Similar privileges are to be accorded to the Catalans.

The statute still has to be approved by the Cortes in Madrid, but this should not be too great a problem. The signs are that the Government will want to push ahead as fast as possible, so that elections to the new regional Parliaments can be held early in the New Year. The establishment of the new institutions, particularly in the Basque country, would then provide both political and moral authority for those in the provinces who oppose the most extreme demands of the separatist terrorists.

That does not mean that Basque terrorism will disappear overnight. But there are a number of encouraging signs. The separatist movement has been split by the offer of autonomy, which has been supported by many Basque "nationalists." The advocates of violence are looking more and more isolated. Monday's strike in protest at the murder of a pro-autonomy worker by terrorists was a welcome sign that the majority of the population is becoming tired of violence — particularly now that the referendum has approved the new statute. With the Basque country suffering from acute recession and rapidly mounting unemployment, there are other more practical problems to be solved and political terrorism must appear increasingly irrelevant to many people in the region.

Armed forces

If the autonomy statute can be made to work, the Basques themselves will have to assume more of the responsibility for dealing with their own problems, and that is no bad thing. If other regions, as is more than likely, demand similar treatment, Spain could set an important example of successful constitutional change to other Western countries. The Spanish reforms are all the more remarkable in that they could never have been envisaged in the Franco era and even now are deeply resented by armed forces leaders who regard the unity of the country as paramount. It is to Sr. Suarez's credit that he has been able to steer devolution this far. Now it is up to the Basques to keep their side of the bargain.

EVE OF BALLOT ON THE EDWARDES PLAN ● BY ARTHUR SMITH

BL up against the facts of life

MR. Geoff Armstrong, the 32-year-old head of BL Cars industrial relations team, will meet union negotiators at a Coventry hotel today to spell out the commercial facts of life. He will tell shop stewards and union officials representing the 90,000 manual workers that demands for a 30 per cent index-linked pay rise, a shorter working week, longer holidays and improved pensions and other benefits, are totally unrealistic.

He will not only point out that increased earnings can only be financed through higher productivity but press for an end to outdated attitudes and work practices.

His success in such a tough line—and it is clear that BL management believes this is the last chance to tackle the labour problems that have troubled the company for more than a decade—will rest largely upon votes now being counted by the Electoral Reform Society.

Sir Michael Edwardes, the BL chairman, has thrown to the 164,000-strong labour force the issue of whether they will support his plans for plant closures and more than 25,000 redundancies. The result of the postal ballot is expected tomorrow.

Sir Michael has demanded a "substantial commitment" from the workforce as a condition of his Board pressing ahead with the strategy. The expected endorsement by the employees will mark only the first step along what senior managers recognise as a lengthy and potentially hazardous path.

Questions will remain about whether the National Enterprise Board and the Government will approve the necessary additional finance, and whether ambitious plans to bring forward new model launches can be achieved. The rationalisation plan also calls for redundancies and the transfer of work between plants on a scale not seen before at BL. Sir Michael has not minimised the reforms that will be necessary to give the company "a fighting chance." He clearly hopes that backing from the workforce through the ballot, and the sacrifice by the unions of so many jobs, will help convince both the Government and a sceptical House of Commons that the company should be given additional finance.

Sir Keith Joseph, the Industry Secretary, has said he will "take some convincing" that he should release the remaining £225m due next year under the Labour Government's original plan to provide £1bn of State finance. BL is looking not only for that balance but for a further £200m or so to finance the revised strategy.

Sir Michael has said the company will also explore whether funds can be raised from "the disposal of assets and businesses." Speculation has centred upon the successful Land Rover company, at Solihull, for which as a self-contained operation there would be no shortage of potential buyers. But BL is unlikely willingly to divest itself of a company thought to be returning annual profits of around £40m a year.

The two companies for which offers are expected to be welcomed are Alvis, the armoured vehicle supplier, and Coventry Climax, the fork-lift truck manufacturer. Both are based at Coventry and though profitable have suffered serious industrial disputes this year. Disposal of the two companies, which according to some estimates might raise £30m, would continue Sir Michael's policy of concentrating resources upon mainstream car and commercial vehicle operations.

Talks have been under way for some time with Acrow about the sale of the Aveling-Barford road roller and dump trucks factory, which employes 2,250 at Grantham, Lincs. No buyer was available for the Aveling Marshall crawler tractor plant at Gainsborough which closes today with the loss of 750 jobs.

BL is also negotiating with three other companies for the possible sale of its Prestcold refrigeration equipment factories at Reading and Fareham, Hampshire. Some 3,000 jobs are in the balance in addition to the 900 lost when the Prestcold factory at Glasgow closed last month.

Reduced market

The aim of the Edwardes strategy is to cut capacity and manpower in line with reduced market expectations while at the same time accelerating the introduction of new models to make BL more competitive.

The cars division is most vulnerable in the middle range—the fleet market—where the Marina and Allegro are acknowledged to be dated. Sir Michael plans to bring forward by 12 months the launch of the LC10, a five-door hatchback to 1982.

The company claims it can gain time by assembling the car at Longbridge, Birmingham, rather than at Cowley, Oxford. The LC10 will benefit from the £250m investment at Longbridge, now nearing completion for the Mini Metro which is due to be launched next year.

Cowley, which currently assembles the Marina, Maxi and Princess, will produce a five-door derivative of the LC10, code-named AM2, by at least 1984, if not sooner. A further model, the AM2X, which will be a replacement for the Princess, is scheduled for Oxford in 1985.

To complete BL's attack on the middle car market, a model to be produced in collaboration with Honda of Japan and code-named the Bounty will go into production next year at Cowley. The Bounty is an upmarket vehicle to replace the Dolomite.

The decision to take advantage of assembly capacity at Cowley for the Bounty means that Triumph Canley, Coventry, originally due to get the work, will now cease car assembly within two years. Around 6,000 jobs will be lost. Canley's Dolomite and Spitfire models will be phased out and assembly of the TR7 sports car switched to Rover, at Solihull.

Assembly of the MGB, which has been making heavy losses, will end at Abingdon with the loss of 800 jobs. But the most dramatic casualty of the Edwardes rationalisation is Castle Bromwich, Birmingham, where bodies are manufactured for Jaguar and Rover saloons. This work will be transferred to Swindon, Cowley and Speke, Liverpool, with the 6,700-strong Birmingham workforce reduced to 1,100 within two years and to only 100 within three. The axe has fallen upon Castle Bromwich because of its low productivity and troubled industrial relations over recent years.

Within the Leyland Vehicles division the Edwardes plan again puts emphasis upon the streamlining of facilities and new model launches. Employment will be cut by 4,500 to 20,000 within the next two years. Around 630 jobs will go with the closure next year of the Park Royal bus factory in West London, and another 400 redundancies will follow the shutdown of the South works at the Leyland, Lancs. truck plant.

The £82m new assembly hall at Leyland will come into operation by the end of the year ready for the launch of the T45 heavy truck next spring. Within two years Leyland Vehicles plans completely to replace its existing range of lorries.

Sir Michael, during protracted negotiations where he held out the prospect of BL being forced into liquidation, persuaded the executive of the Confederation of Shipbuilding and Engineering Unions to give strong support in the ballot for his plan as the only way to make BL viable.

But even if the workforce follow the lead of the Confederation and deliver the substantial majority that Sir Michael has demanded there will be a great deal of controversy about its value. After all, it will be the fourth ballot within little more than two years; in 1977 just before Sir Michael was appointed the car workers had voted for a package of industrial relations reforms that had also been posed as the last chance to maintain the company intact.

The Transport and General Workers Union which claims to represent 70 per cent of the manual workers within BL obviously has more to lose from any rundown and has dissociated itself from the official Confederation line. It has fought a determined if muted campaign against the Edwardes plan. While aware of the risks of obstructing the strategy TGWU argued the case for pressing the Government for new investment to retain capacity at BL.

Unless Mr. Moss Evans, as general secretary, intervenes, the transport union will remain committed to an executive committee ruling that official support will be given to any workers who opt to fight the rationalisation plans. The committee is not due to meet again until December 3.

Action by only a small group of workers could snarl up the whole rationalisation strategy. Senior shop stewards, who voted overwhelmingly for a campaign of resistance to the plan, were bypassed by the ballot, but can be expected to insist that plants due to receive work should refuse it unless the transfer is approved by the factory due for closure.

A more immediate problem for BL is the stance of the Technical Administrative and Supervisory Sections (TASS) of the Amalgamated Union of Engineering Workers which campaigned openly for a no vote. While TASS has only about 5,000 members they are in key design and engineering areas where co-operation is crucial to the proposed closure of plants. TASS is already refusing to transfer design and planning work connected with the rationalisation plan; production drawings for the new BL-Honda car are "no longer available."

The militancy of the white-collar union is a symptom of BL's deep-seated labour relations problems. TASS argues that the earnings of its members within BL have fallen so far out of line with that of other motor companies and rival industries that skilled men are leaving in large numbers. Management acknowledges the problem but insists that higher earnings can only be financed through improved productivity — an argument which goes straight back to the overall pay structure, differentials for skilled men, and the long-standing rivalry in many plants between the AUEW and the TGWU.

Troubled background

Such problems were supposed to have been tackled under industrial relations reforms approved in the ballot of 1977. That vote established the principles of a new five-grade pay structure and of parity of earnings between plants. Parity has still to be achieved and the company has been forced to impose the grading structure unilaterally—a move that could lead to walk-outs in a number of plants during the winter.

It is against such a troubled background that Mr. Armstrong will face union negotiators today. He is likely to make clear that the company has nowhere to turn. The cars division is unlikely to make a profit this year and higher wages must be earned.

Mr. Armstrong will insist that any general wage increase —perhaps around 5 per cent— must be conditional upon the unions accepting a self-financing incentive scheme which they have resisted for more than 18 months.

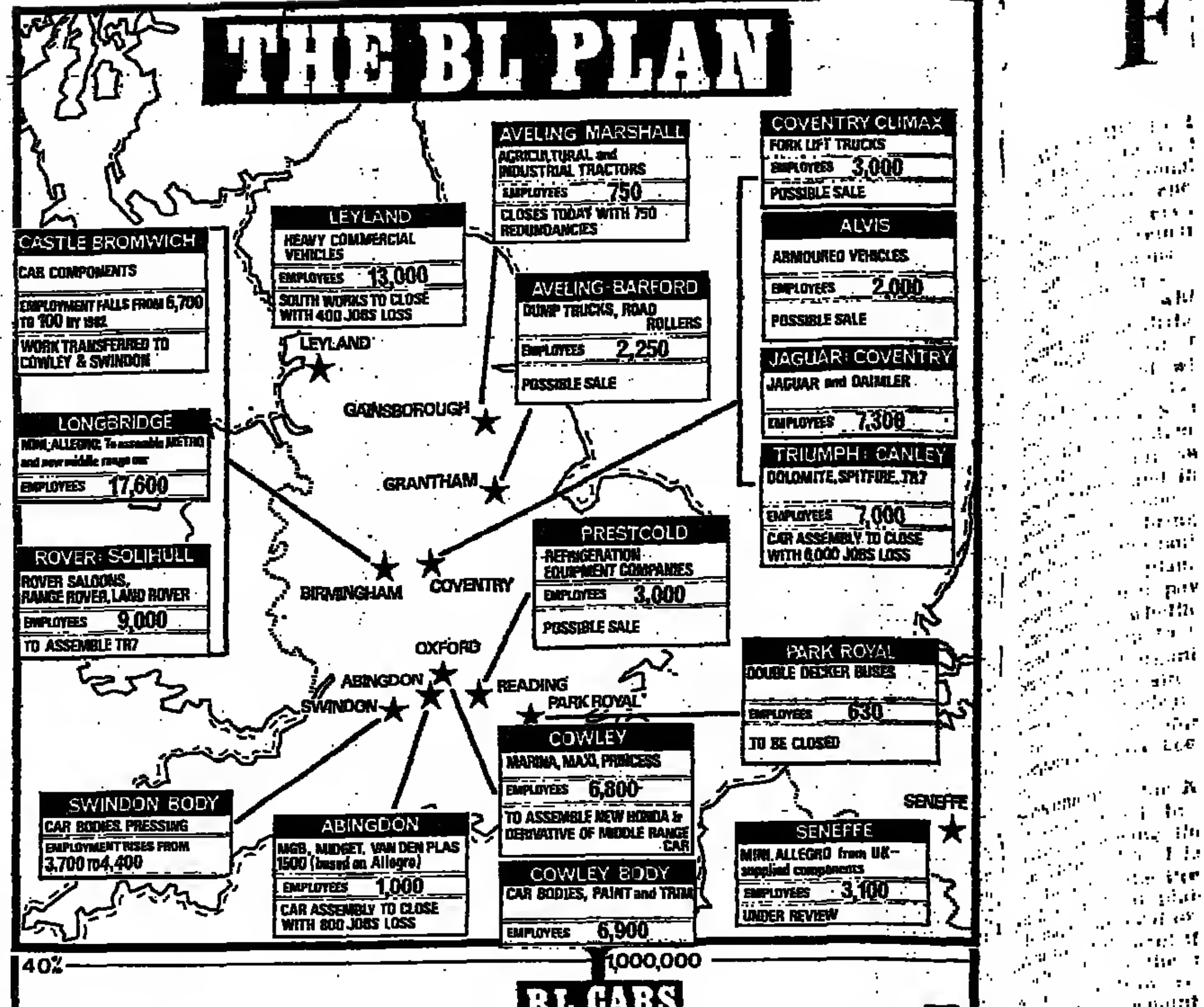
The unions have fought shy of the scheme largely out of fear of the employment consequences. While a 20 per cent improvement in productivity would yield additional earnings of up to £15 a week, it would involve a loss of between 10,000 and 14,000 jobs.

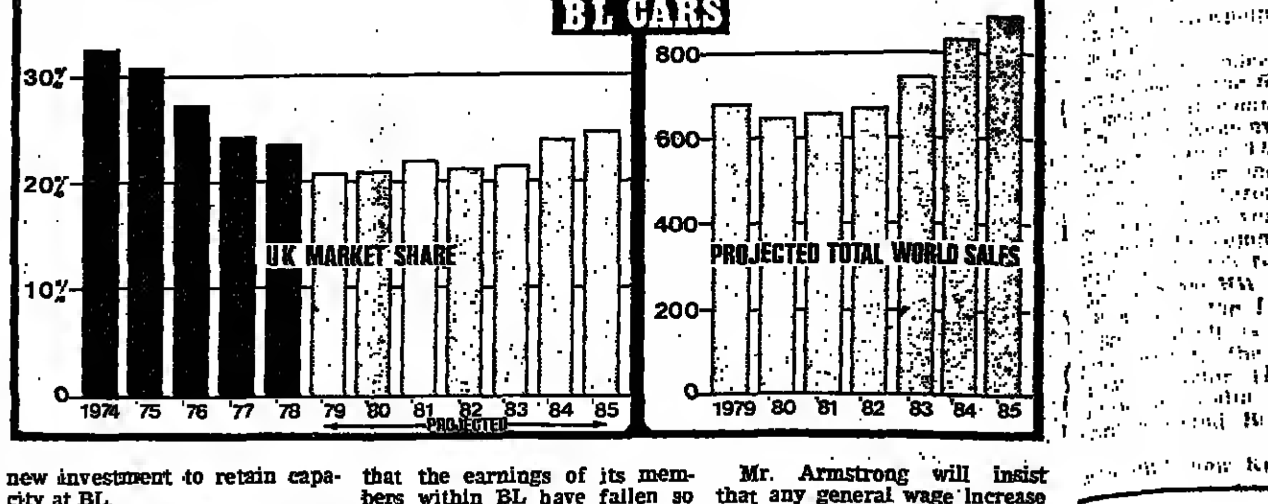
Even less palatable to the unions within BL is the argument likely to be advanced by Sir Michael that a yes vote in the ballot gives management the mandate for fundamental labour relations reforms.

In a letter accompanying the ballot paper, the company set out a familiar list of demands for continuity of production, less manpower, and the need for an end to inter-union disputes. But most controversial was the insistence that proper use should be made of industrial engineers, the "time and motion men." In pursuit of Continental levels of efficiency, BL is determined to attack the power of shop stewards to haggle over manning levels and the pace of the job.

Sir Michael in the remaining 12 months of his three-year secondment to BL is seeking to set in motion changes in attitude which have defeated all managements — including his own—over the past decade.

THE BL PLAN





MEN AND MATTERS

BP sale misses a human touch

As the Government puts 5 per cent of British Petroleum on the market — to raise an expected £250m—the Hon. Mervyn Greenway, will be standing rather ruefully on the sidelines. It was Greenway's great-grandfather who sold a reluctant Government his BP shares and voting control for £2.2m.

That was in August, 1914. Winston Churchill, then First Lord of the Admiralty, used his rhetoric and pugnacity to make the House of Commons accept the offer from the first Lord Greenway. As chairman of the Anglo-Persian Oil Company, forerunner of BP, Greenway had grown alarmed as war loomed that foreign powers would take control of our oil supplies.

Mervyn Greenway, a London stockbroker, told me yesterday: "After the war, my great-grandfather said that if the Government felt at all displeased with the 1914 deal, he would buy back its interest for £6m., or perhaps even £8m. It told him to push off."

When the 37-year-old Greenway heard of the forthcoming sale he hoped that his firm, Capel-Cure Myers, might have a hand in the issue. "I thought it might bring a human touch to the placings, because of my family connection," he says. "So I wrote to Geoffrey Howe and Gordon Richardson, Governor of the Bank of England."

But Greenway's entrepreneurial efforts have gone unrequited, as did his great-grandfather's ideas of buying back the Government's stake in 1918. Four other City broking firms have just been chosen. "But I do have the signatures of Howe and Richardson on two friendly letters," he says drily.

Will he be hoping to buy some of the BP shares on offer? "I would not prejudge that before I know the terms," says Greenway, who is a chartered accountant as well as a broker. "But I know my mother will want some."

Viking raid

Economy measures by the Foreign and Commonwealth Office have produced a spirited response from Gothenburg, Sweden's second city. The first task of Gothenburg's new lord mayor, to be elected on Thursday, will be to lead a delegation to London to protest against the axing of the commercial staff in the consulate general.

When I telephoned him last night, lord mayor-elect Ake Norling said: "We have been very upset at the news, because of the great export and import links with Britain. Volvo in Gothenburg is also a leading importer in Europe of British materials."

Norling was full of praise for the bi-lingual commercial staff who will be axed—"and are very miserable about it." The Gothenburg delegation has sent a telex to the FCO, saying that it intends to arrive here next week. It has also sent messages lobbying chambers of commerce.

"We have had dealings with Britain since the Viking days," said Norling, adding hurriedly: "We shall be a little more peaceful next week than the Vikings were."

Sons of glory

An encounter will take place tomorrow between Manfred Rommel, son of the legendary general, and Lord Montgomery, son of the equally legendary Field Marshal Viscount Montgomery of Alamein. They are having lunch together at the House of Commons. Both have had something of a struggle to become more than just sons of their famous fathers. However, Rommel tells me he is now identified primarily as the Oberburgermeister of Stuttgart.

Rommel is here as a guest of the British Government to study the development of inner cities and aspects of traffic control—both of which should give him, in London at least, much pause for thought. But yesterday he was more interested in today's unlikely meting. "Do you know we were even born in the same year—1929?" he says enthusiastically.

The two do not have much in common, except in choosing distinctly unmilitary careers. Lord Montgomery is best known as a Latin America "buff," a line of expertise somewhat frustrated when he joined Shell after leaving Cambridge and asked to be sent there; he was despatched to South-East Asia. He did eventually make it, spending six years in South America for Shell and another 12 for Yardley, for which he created subsidiaries in eight countries.

Rommel's career began with a degree in law and political science at Tubingen University; he has been in public service since 1956, acting as permanent secretary in the Ministry of Finance before he became mayor of Stuttgart—a professional appointment—in 1974. He was never tempted, after the first flush of youth, by a military career. Why not? I asked. "Mainly the non-existence of the German Army," he says simply.

Slipping up

Any potential investor who may be feeling irritated about not getting shares in the recent Sasol issue, is unlikely to be half as cross as Standard Bank, the South African subsidiary of Standard Chartered.

With the £20.6m Johannesburg issue in the hitherto state-owned oil-from-coal producer being 30 times oversubscribed, it was inevitable that there would be many disappointed bidders. Standard Bank, however, was one of the lucky ones who were offered a stake in the earlier private placement, and took up 2.5m shares. It is now having to sell several hundred thousand to its own disgruntled customers at the face value of 200 cents. The reason: "an administrative oversight," as it decorously puts; the bank failed to submit bids from its customers for some £17.3m worth of shares before the closing deadline.

Determined to make amends, Standard promised to find shares for its customers on the same formula as that used by Sasol. That meant dipping into its own stake. The allocation has now been done, and it is estimated 500,000 shares have been handed over, though no-one is admitting to more than 250,000.

Smelling a rat

Sir Hugh Wontner, chairman of the Savoy Hotel, is clearly alert to the power of the Press. Explaining a £6,000 first-half loss this year, he points to the 14 per cent decline in the number of visitors to Britain from the U.S. But the dollar was not entirely to blame, says Sir Hugh: "Much more crucial was the picture publicised abroad of Britain in the grip of a very severe winter and torn apart by industrial disputes and disharmony. A photograph in foreign newspapers of rubbish piled high in London streets, with rats gnawing at it, did exceptional harm."

Quick exchange

The new era of exchange control freedom was epitomised yesterday by happenings in a West London branch of a NatWest. A colleague about to go to New York was there to change some sterling into dollars. Behind her was an American girl, holding dollars to convert into sterling.

The counter clerk, gallantly forgoing commission on his company's behalf, said: "You don't need me." He gave them the going rate, and the deal was done, on the spot, without the intervention of the banking system.

Observer

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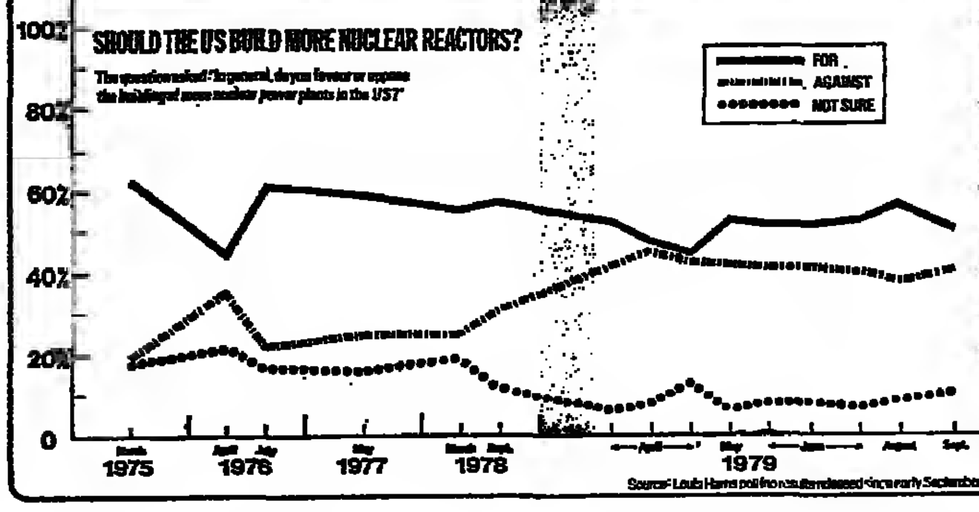
AFTER THE KEMENY REPORT

BY DAVID FISHLOCK

Fuel for the nuclear debate



"I HAVE COME to the conclusion that there is no such thing as a dispassionate viewpoint on nuclear energy," a senior British civil servant from the Cabinet Office remarked the other day. Passions are inclined to run free in the "nuclear debate" which has been simmering in Britain since the mid-1970s. Last night a report was released which—if only because of its sharp criticisms of the U.S. Government's regulatory system and its recommendations for sweeping changes in safety and licensing procedures—for some people seems certain to bring those passions back to the boil.

For governments planning an expansion of nuclear power the big question is whether this document will help to unite a multitude of small organisations—at least 28 in Britain, for example—opposing nuclear power, into the concerted opposition some opponents have been forecasting.

The document is the Kemeny Report, commanded by President Carter following the accident on Three Mile Island in March. Although the President himself has made it plain that he feels under no legal or moral obligation to implement its findings, each side in the debate will be eager to draw as much comfort for its viewpoint as it possibly can.

For Britain — indeed for Western Europe — the findings of the presidential commission under Dr. John Kemeny have the obvious relevance. The type of reactor is also the one most widely installed throughout Europe. Later this year the French expect to commission the first of eight such reactors near Dunkirk; 8,000 MW within about 30 miles of the English coast. Britain itself is evaluating this reactor, the pressurised water reactor (PWR), with a view to building it in large numbers round Britain's coast.

Since the PWR now Kemeny has reported is likely to become the focus of attack by opponents of nuclear power, it is timely to examine the pattern of international nuclear opposition. Its significance no one can dispute any longer, since several nations whose governments have stressed repeatedly how urgently they need to install more nuclear capacity — for example, the U.S., West Germany, Italy and Austria — have found themselves baulked by small but well-organised pockets of opposition. Perhaps the greatest success of such groups was in Germany this summer where, after a public inquiry, a leading politician admitted that he was *turning down plans* for a Windscale-type nuclear factory at Gorleben — not because of any worries about hazards but for undefined "political" reasons.

The most conspicuous feature of international opposition to nuclear energy is that there is no discernible steady-state pattern. The targets have been constantly changing; the opponents sometimes apparently contradicting each other, even in conflict.

Ideas blocked

A synoptic view of the effects of international nuclear opposition at present discloses the following highlights. Opposition has been strong enough to block all ideas for new reactors in Holland, Norway, Denmark and Austria, and for all practical purposes in Italy too. Sweden (1980) and Denmark (1981) each plan to hold a referendum before the government decides on further reactors. In Holland—unlike Sweden and Denmark—no political party lends its support to nuclear power.

In West Germany, although the ruling Social Democrat party supports nuclear power, it has enough opposition within its own ranks to bow to the persistent pressures which since 1975 have blocked through the courts all new domestic orders for nuclear plant. German opponents often resort to violence. Austria held a referendum last winter, in which the Government failed to convince the electorate that it should start up the nation's first nuclear station. Switzerland voted the other way, but it is still not certain whether more nuclear plants will be ordered.

France, with much more ambitious plans than other European nations—70,000 MW on-load or under construction by 1985—has been surprisingly free from anti-nuclear demonstrations for the past two years. *Previously violence had been a* recurring feature, with four bombings of nuclear premises in 1975 and two more in 1977. The turning point seems to have been a big demonstration against the Superphenix fast reactor in which foreign—mainly German — opponents played a big part.

Spain, too, has shown little enthusiasm for foreign intervention in its nuclear affairs. But it has the distinction of having mustered some of the biggest demonstrations. Spanish opposition is closely identified with the aspirations of the Basque separatist movement and has been willing to use violence. But after an 18-month pause the Government, by an unexpectedly big majority in Parliament, won approval this summer to *re-start* a nuclear construction programme which aims to have 10,500 MW on-load by 1987.

Britain started construction of only one new nuclear station in the 1970s but has developed its nuclear fuel industry much faster than any nation but France. The Windscale inquiry defused political opposition except in minority parties. Leading nuclear opponents sometimes hint at taking violent action over any nuclear expansion. But the most serious incident so far has been costly damage to a construction company's equipment on a nuclear site in Scotland.

The present U.S. Administration effectively prevented further reactor construction during its lifespan when in 1977 it declared nuclear energy to be the "energy option of last resort."

The Comecon nations announced this summer a ten-fold expansion of their nuclear capacity, currently estimated at 10,000 MW on-load and another 20,000 MW under construction. An ironic comment on the lack of opposition to nuclear energy among the East European nations was the *publicity given this month to publication* in the USSR of a paper expressing some reservations about the new programme.

Unsubstantiated

The campaign against nuclear power began in the U.S., with the ordering of the first big reactors in the mid-1960s. A handful of opponents organised hosts of benign-sounding societies, all opposed to reactors. They were joined by three U.S. scientists whose research was being rejected as unsound by the traditional methods of vetting used by the scientific community. The three put their results directly to the public, in the form of such charges as the way low-level radiation from America's existing reactors was *killing people close by.*

These charges have never been substantiated. Although it is widely believed in the nuclear industry that a deep-seated fear of radiation lies at the heart of public opposition, this theory is not upheld by public acceptance of the widened use of radiation in medicine.

During the 1970s U.S. lawyers recognised that there were kudos as well as cash in being associated with a successful action to hamper a nuclear project. The reactors were invariably planned for thinly populated rural areas, 25-30 miles from the electricity load centre. It was not hard for the lawyers to persuade a significant number of local people that they did not want such an intrusion. The rising stock of the U.S. anti-nuclear lawyer reached its zenith with the arrival of the Carter Administration, which excluded from office any lawyer who had ever acted for any nuclear organisation — leaving the field clear for nuclear opponents.

North American opponents of nuclear power have been very active in Britain and elsewhere in Europe in the 1970s, helping to organise opposition to projects. They were conspicuous as witnesses at the Windscale inquiry in 1977 and the Gorleben inquiry in Germany this year, and during last winter's referendum in Switzerland. They have been less conspicuous in France and Spain.

The targets often reflect the enthusiasm or anxieties of the individual opponents. In the *beginning* there was low-level radiation. In turn the main target became the integrity of the pressure vessel enveloping the reactor; emergency cooling; proliferation of nuclear weapons made from by-product plutonium; interference with civil liberties resulting from the need to guard nuclear plant and materials; radiation hazards of nuclear waste; and a host of others. Mr. Justice Parker, inspector at the Windscale inquiry, said he had heard no fewer than 17 objections to nuclear power.

The frequent changes of target has bewildered the industry, which has found itself constantly on the defensive, ever-striving to produce reasoned answers to the last set of charges, only to find its replies submerged in the demand for answers to a *fresh challenge*.

But so frequently have the targets changed, and so decisively did Judge Parker reject all 17 objections raised at his inquiry, that the tactic may have been self-defeating. Uncommitted people have *found* it no less bewildering—and less than sincere.

The nuclear opposition recognised that the Windscale report rejecting all 17 objections posed a difficulty. Thereupon it constructed a much more subtle objection, transcending all the detailed technical objections of the previous decade and aimed at unifying opponents. This was expressed succinctly by Professor Stephen Cotgrove, Professor of Sociology at the University of Bath, in a letter to The Times late last year: "Their opposition stems from anxieties which go beyond technical questions of risk and safety. Above all they are rooted in growing objections to large, remote impersonal bureaucracies, increasing dependence on expert elites and reduced participation in the decisions which profoundly affect our lives."

Who — nuclear industry or nuclear-minded government — should take responsibility for informing and persuading people of the need for and advantages of nuclear power? The nuclear industry worldwide has under-estimated the need for good public relations and *information services*. Britain only a decade after the Windscale fire in 1957, began to run down its public relations effort. Only after it suffered serious setbacks with the public over its plans to introduce the PWR in 1972-73, and over the "nuclear dustbin" debate in 1975, did it recognise that something was wrong.

The French seriously miscalculated in the mid-1970s when, in response to quite reasonable demands from the public to learn where industry was proposing to build all the PWRs, Electricité de France, released a map showing about 60 possible sites. One day every Frenchman awoke to find that he might have a nuclear reactor for a neighbour.

For the U.S., Three Mile Island was both a financial and a public relations disaster. Not only the electricity company but also the government agency responsible for nuclear safety proved inept at keeping the public accurately informed about the accident.

For some (but by no means all) of the media, opposition to nuclear energy has been a source of endless interest for several years.

But a serious paper which, like the popular Press, has seen fit to pay very little attention to the nuclear debate in the past two years is New Society, which chronicles each week the behaviour of people. Early in 1977 *New Society* conducted a poll which showed that while opposition to nuclear energy had been mounting, Britons were displaying a "fair level of stoicism." Substantially more people favoured construction of more nuclear plants than opposed them. Moreover, when asked whose opinions they trusted most on the safety of reactors, two-thirds said scientists, and 17 per cent said the nuclear industry itself. Only five per cent chose newspaper and TV reporting, and only 4 per cent chose the (then Labour) Government.

Does the Three Mile Island accident invalidate these findings? *New Society* has no plans to repeat its poll. But in the U.S. Louis Harris has been charting public opinion every two weeks in telephone polls. The accompanying curve shows how public support for nuclear power began to decline dramatically in April, but rose again in May, levelled out, and rose again in August.

In the opinion of Mr. Paul Barker, editor of New Society, the way governments pose questions on nuclear power has something to do with the answers they get. If people believe that their vote could precipitate action, they show greater hostility. A Denish politician expressed the same sentiment the other day when he said: "The lesson we learned from the referendum in Austria is alarming. *We definitely do not want* a referendum on the commissioning of a completed nuclear plant."

Letters to the Editor

Concentrated steelmaking

From the General Secretary, Iron and Steel Trades Confederation

Sir,—In his October 22 article "BSC saves by central production" Roy Hodson reports that a management assessment has convinced British Steel Corporation that it can save considerably by concentrating steelmaking in central production units. This assessment exercise seems to have taken five years and confirmed a decision taken in the formulation of the White Paper in 1972-73 if not before. One would expect BSC to have been convinced of the certainty of savings before it decided to shut the smaller works, otherwise management's decision-making would appear irrational. If management harboured doubts about its own strategy, none was voiced between 1973 and the present day.

We on the trade union side will be fascinated to see details of this assessment next month and will look closely to see if local steelworkers, the real experts are as happy as the manager quoted by Mr. Hodson to have their steel made off site.

Mr. Hodson's article rather leaves the impression that the profitability of Workington is associated with receiving steel from Teesside. Actually the reason is the buoyancy of demand for Workington's product—rails. BSC wants to close Corby steelworks which is profitable now, without steel coming via a rail link. And this rail link will be 200 miles long, considerably in excess of the 86 miles travelled by blooms from Tees-side to Workington. Far from being happy with steel brought in, workers in Corby and Shotton are extremely concerned about security of supply. The demand that will be put on the steelmaking plant at Lackenby to service eight separate works will be particularly testing.

As for the alleged savings of £25-£40 per tonne to be made by producing steel centrally instead of at Corby and Shotton, this is merely a rehearsal of management claims. I would expect the Financial Times to scrutinise these beliefs closely before placing them on a conveyor belt to the public. We on the union side will have a number of pertinent questions to put about these extravagances on November 1 and 9.

I can only hope that management will produce something rather more solid to substantiate their case for ending steelmaking at Corby and Shotton.

It is hardly surprising that senior management makes public statements in support of the strategy. Corby senior managers would do the same. It would be naive to expect anything else. A contrary view of management would be an effective admission that their whole approach of the 1970s has been wrong and has landed the Corporation with an over-capitalised enterprise which it is impossible to run at a profit.

W. Sirs,
Iron and Steel Trades Confederation; Swinton House, 324 Gray's Inn Road, WC1.

Combined heat and power

From the Commercial Adviser, Electricity Council

Sir,—I agree with the letter of Mr. Lewin (October 25) when he says that, as commercial adviser to the Electricity Council, I should not mislead the general public; nor did I do so. His letter actually confirms three of my main points, viz: that electrical heating appliance energy conversion efficiency is higher than for gas equipment, a lot of homes have no gas supply and they cannot readily be given one.

My main aim in writing again to you is however to react to his points on combined heat and power in relation to heating the home. The electricity industry was represented on the Secretary of State for Energy's combined heat and power group and our representatives did not dissent, as the British Gas Corporation representative did, from the report of the group, where the majority recommended that a start should be made on one or more lead-city schemes of combined district heating and power generation; so we do not oppose that development.

Where Mr. Lewin's view is apparently exceptionally gifted is in envisaging that the savings from reducing electricity demand through extending combined district heating and generation "would be enormous." The combined heat and power group's report was far less definite, saying that in the medium-term "some modest energy savings *can be made*" from development of combined district heating and generation and that in the longer term, on limiting assumptions, "medium or large CHP plant serving areas of high heat loads in cities looks an attractive economic and energy saving option." They went on to say: "CHP/DH, however cannot be expected to provide more than about 30 per cent of . . . heating requirements . . . and . . . off-peak electricity and substitute natural gas domestic boilers would compete for the remainder," in the longer term.

That seems to me to be a more realistic view than Mr. Lewin's. It also shows that the combined heat and power group did not take it for granted, as your editorial of October 15 did, that gas will be preferable to electricity for home heating.

R. Forman,
Electricity Council.
30 Millbank, SW1.

The spirit of Rugby Union

From Mr. G. Tardif.

Sir,—Francophile Robbins' article (October 15) on "The making of a good club" *deserves* more than serious consideration by committee members and the management of the clubs that make up the Rugby Union.

One correction—the captain of Richmond this season is Michael Hess and not Roger Sheckleton who has held the position for the last three years, with great success. Michael Hess is unique in having been a "pink" for soccer at Westminster School and has risen to become captain of one of the oldest clubs in the Rugby Union game.

The growing emphasis on youth, starting even with mini rugby to which Mr. Robbins refers, must show a great deal of healthy growth for the future, if channelled in the right direction. It has been a difficult question for many years for so-called junior clubs in the London area to relate themselves to the older and accepted first-class clubs, and this is something which should be developed much more seriously than at present. The clubs who are being successful in London have attracted players from outside the area as well as those who more naturally would join, because of where they live.

Tours become an attraction. The ease of transportation and the way in which funds are now raised mean that senior clubs in particular are able to regularly travel vast distances and play all over the world, at a relatively low cost to the playing party concerned, but this alone is not sufficient to attract junior players to make the break and try and achieve senior status. There must be further motivation in changing allegiance, and this is where leadership from the top of the club comes in.

I thoroughly endorse the statement made by Mr. Robbins concerning the choice of chief executive and most clubs now have an executive committee formed from the general committee which assumes this *responsible task.* The growth and expertise must, however, come from inside the club concerned if the spirit and enthusiasm are to be maintained.

Graham M. de P. Tardif,
Frizzell House,
14-22, Elder Street, E1.

Metric muddle

From the Director, Retail Trading-Standards Association

Sir,—The Retail Trading-Standards Association has always been agnostic about compulsory cut off dates for metrication (October 11). We said in July 1978 that, in our view, the only possible approach was to legislate for a date when goods must by law be offered and marked in metric quantities and priced in relation to those quantities but in addition (with some exceptions) it would still be legal to sell in Imperial measures to those who wanted to use them where this was practicable. This in effect would mean that dual-marking and the use of *conversion charts and* the existence of dual sets of measuring equipment could be used until retailers and their customers decided that Imperial measures could wither away.

Retailers who have swallowed the camel of criminal legislation for failure to mark prices and even bargain offer claims legislation (which makes criminals of them if they use a banned phrase even if it is the truth) ought not to find it too difficult to swallow this gnat. Unfortunately trade association positions over metrication have become so entrenched and the solutions to the problems of changeover advanced nearly ten years ago have become so much a part of the folklore of consumer organisations that "compulsory cut off dates" are the talismans that are currently regarded as the only possible "safeguard." This is pretty superstitious nonsense. It can only be understood if it is recognised that the experience of decimalisation at a time of inflation and the simultaneous proposals for metrication became inextricably confused in popular folk myths.

Apart from the fact that metrication and decimalisation both involve the use of decimals they have nothing in common in practice. The safeguards against misleading and fraudulent weights and measures transactions lie in the Weights and Measures Acts and the Trade Descriptions Act. The Metrication Board was very properly established to bring about an orderly and co-operative change-over.

The Retail Consortium has told the Government that the distributive trade will not officiate without legal compulsion and some traders will defend to the last ditch their right to sell to their customers in Imperial measures without having this symbol of our Great Imperial Past "cut off."

Our international trade demands that we use the metric system. In our domestic situation this is not always the case, although it is almost certainly the system that will eventually take over. Our solution to the impasse is we believe practicable and the sooner it is agreed, the sooner we can all get on with something less boring than metrication.

Rosemary McRobert.
360-366, Oxford Street, W1.

Trade union recruitment

From Mr. D. Jones

Sir,—Christian Tyler reports (October 25) referring to the Department of Employment proposals, that forced recruitment into a trade union could become illegal.

But there is a very strong possibility that it is already illegal—not under the civil law, under which unions have immunity, but under the criminal law, where they have no such immunity.

Anyone who, with a view to gain for himself or another makes an unwarranted demand with menaces is guilty of the crime of blackmail. The gain can be only a small amount of money—even £10 or so a year subscription, particularly from a number of members, would be enough. The another can be the union (which is an entity in law capable of being sued or prosecuted), its principal aim being to increase its membership. The menaces can be threats, verbal or written, or by conduct only, of any action *detrimental to (or even unpleasant to)* the person addressed. The action can be one to be taken by other than (i.e. the union) the actual official making the threat. A demand with menaces is (automatically) unwarranted unless the person prosecuted believes he has both reasonable grounds for making the demand and that the menaces were proper means of enforcing it.

The descriptive terms used by Mr. Leggatt and Mr. Prior—"coercion" "blackmail" "protection money" and "payment for a licence to work"—make it extremely improbable that a defence of belief in "reasonable grounds" or "proper means" would be accepted by the Court.

The DoE's published proposals seem to envisage prohibiting such practices in the future, without regard to what has already happened. The result of a ruling by a criminal court could be that all membership agreements forcibly obtained by such means would be rendered void, obviating the need for mass resignations and the industrial mayhem which could result as matters stand.

If this argument is correct, it would *seem* to *have connotations* going beyond the recruitment tactics under review and extend without further legislation to the closed shop itself.

D. Herbert Jones.
17, St. Stephens Avenue,
St. Albans, Herts.

Today's Events

GENERAL

UK: Chairman Hua Guofeng, Chinese Premier, visits Karl Marx's tomb, Highgate; then British Rail technical centre and Rolls-Royce, Derby; dines with Sir Keith Joseph, Industry Secretary.

Miners pay talks resume, London.

Parliamentary Labour Party meets—Mr. James Callaghan faces further Left-wing challenges.

Mr. Peter Walker, Agriculture Minister, addresses symposium on developing export strategies in the food and drink industries, London.

Overseas: Mrs. Margaret Thatcher meets Herr Helmut Schmidt, West German Chancellor, in Bonn, to discuss Common Market budget.

Aid agreement signed between European Community and 57 African, Caribbean and Pacific developing countries, Lomé, Togo.

PARLIAMENTARY BUSINESS

House of Commons: Debate on procedure. Motion on the Family Income Supplements (Computation) (No. 2) Regulations.

House of Lords: Debate on the growing seriousness of the problems caused by alcohol in the UK. Debate on the Standing Commission on Museums and Galleries.

Commons Select Committees: European Legislation, etc. Subject: EEC Draft General Budget 1980. Witness: Mr. Nigel Lawson, Financial Secretary to the Treasury. (Room 15, 4.30 pm.) Public Accounts Committee. Subject: Department of Energy. Witnesses: Offshore Supplies Interest Relief. (Room 16, 4 pm.)

COMPANY RESULTS

Final dividends: Audio Fidelity. United Real Property Trust. **Interim dividends:** Allied Irish Banks. Boosey and Hawkes. Border Breweries (Wrexham). Dunbee-Combex-Marx. Graig Shipping. Richardsons Westgarth. Interim figures: Associated Tooling Industries. City of London Brewery and Investment Trust. United Kingdom Property.

COMPANY MEETINGS

Associated Dairies, Headingley Pavilion, St. Michael Lane, Leeds, 2.30. F. Copson, Penns Hall Hotel, Penns Lane, Walmley, Sutton Coldfield, W. Midlands, 12.30. Ex-Lands, 25-35, City Road, EC, 2.30. Globe and Phoenix Gold Mining, Winchester House, Old Broad Street, EC, 12. Gold and Base Metal Mines, 25-35, City Road, EC, 12. John James, 42, Baldwin Street, Bristol, 12. James Walker, Century House, Streatham High Road, SW, 12.

Reed Intnl. profit tops £50m in first six months

AFTER REDUCED interest charges, profits before tax of Reed International for the second quarter of 1979-80 improved from £18.6m to £23.6m giving a total for the six months ended September 30, 1979, of £50.1m compared with £40.1m in the same period last year.

Operating profits in the second quarter of £26.4m (£26.2m) comprise an improvement in the UK—£16.7m (£12.5m)—but a downturn to £9.7m (£13.7m) from overseas.

Stated earnings per share for the first half are 29.2p against 15.6p following 13.2p (6.8p) at the end of the second quarter. The interim dividend is raised from 3p to 4p—last year's total was 8p from pre-tax profits of £95.8m.

The high proportion of the first-half earnings figure—7.3p—which derives from the company's interest in Reed Paper is a result of the combination of good trading results and a very low tax charge in Canada, the directors say.

Attributable profits for the first half were £32.7m against £17.5m a year ago. On a CCA basis, attributable profits amounted to some £13m against £3m.

Operating profits of the overseas building and home improvement activities were substantially better than those for the comparable period last year.

Strong markets for pulp and paper and the low value of the Canadian dollar assisted the continued recovery of Reed Paper in Canada which reported operating profits of £11m for the six months to September 30, 1979, compared with £0.8m.

The investments in Australia, British Columbia and South Africa sold during 1978 contributed £13.4m of the overseas operating profit of £21.3m earned in the six months ended June 30, 1978.

The restructuring of the group over the last two years has contributed to the considerable reduction in the interest charge compared with the position a year ago. Tax fell to 33 per cent of profits compared with 49 per cent last year.

Whereas the UK tax charge is at normal levels, overseas tax reflects the profit recovery in North America and the consequent ability to utilise losses arising in earlier years.

	Six months 1979	1978
Sales	728.1	824.2
UK and Exports	532.8	469.9
Overseas	195.3	354.3
Trading profit	56.3	53.2
Associates profits	1.7	3.2
Operating profit	57.0	56.4
UK	38.4	35.1
Overseas	18.5	21.3
Interest	2.9	16.3
Profit before tax	50.1	40.1
UK tax	12.5	11.0
Overseas tax	4.2	8.5
Profit	33.4	20.2
Minorities	0.7	3.1
Attributable	32.7	17.5

UK operating profit for the six months to September 30, 1978, was stated after charging a provision of £5.2m in respect of the costs of divestment of South African operations. This provision was reclassified as an extraordinary item in reporting the results for 1978-79.

Overseas results for January to March, 1979, are not reported but will be included with the results for the year to March 31, 1980.

See Lex

Forman Exploration

Forman Exploration has vigorously denied reports originally carried by the official Abu Dhabi news agency WAM that the company had struck oil offshore in Sharjah's territorial waters.

Mr. McLain J. Forman, president of the company, said that the well currently being drilled, which was only spudded on October 16 has so far reached a depth of just over 2,500 ft. "There is no realistic expectation of any oil or gas production above a depth of approximately 13,500 ft," he added.

It will take several weeks to reach that depth, according to Mr. Forman. He also pointed out that any revenues resulting from a commercial discovery would accrue wholly to Sharjah and not be shared with Iran.

At the weekend WAM, quoting an official of the Sharjah Petroleum Department, said that encouraging quantities of oil had been found at a depth of 20,000 ft.

S. Simpson downturn to £1.54m

SECOND-HALF taxable profits of S. Simpson, tailor and clothier, were down from £1.07m to £0.62m leaving the total for the year ended July 31, 1979 lower at £1.54m, compared with the record £1.91m previously.

Turnover for the year rose from £19.6m to £22m, while net profits were ahead at £1.09m compared with £0.91m, after tax reduced from £1m to £0.45m.

Stated earnings per 25p share were 2.78p higher at 1.698p, while the dividend total is maintained as 4.2625p net, with a final of 2.95p (same).

Yearlings up

The coupon rate on this week's batch of local authority yearling bonds has jumped by ⅜ per cent to 13⅞ per cent — the highest level since December 1976. Issued at par, they are due on November 5, 1980.

The issues are: Grampian Regional Council (£0.5m), Kirkcaldy DC (£1.5m), North East Derbyshire DC (£0.5m), Isle of Wight CC (£0.5m), City of Salford (£0.75m), Bedfordshire CC (£0.5m), South Derbyshire DC (£0.25m), South Bedfordshire DC (£0.25m), Borough of Tamworth (£0.5m), Metropolitan Borough of Wigan (£0.5m), Bolsover DC (£0.3m), Beaconsfield DC (£0.25m) and Borough of Scunthorpe (£0.5m).

Spelthorne BC and Woking BC are each raising £0.5m through 13⅞ per cent bonds due on October 28, 1981, at par.

Hepworth profit rises 26% to record £6.6m

RECORD sales and profits are reported by J. Hepworth and Son, the multiple tailor. The taxable surplus rose 26 per cent, from £5.23m to £6.6m, in the year to August 31, 1979, on turnover excluding VAT 20 per cent higher at £51.33m, against £42.62m.

The net total dividend is stepped up from 2.54p to 3.79p, with a final of 3p.

	Year 1979 £000	1978 £000
Turnover†	51,326	42,618
Profit before tax	6,603	5,225
Tax	1,943	2,586
Net profit	4,660	2,639
Minorities	18	8
Extraordinary credit*	518	620
Attributable	5,160	3,253
Dividends	1,619	1,102

† Excluding VAT. * Mainly profit on property sales.

At the halfway stage, profits were 36 per cent ahead at £3.75m (£2.76m). Turnover increased 22 per cent to £25.68m, and the directors said the rate of gain had continued into the second half.

Mr. R. E. Chadwick, chairman, now reports that extensions to the merchandise range, increased selling space by the elimination of arcaded windows and new shops in Debenhams stores contributed to the improved full-year performance.

The lower tax charge for the period of £1.94m (£2.59m) is primarily due to stock relief claimable in the year resulting from the rise over the low stock levels at August 1978. Stated earnings per 10p share increased from 6.33p to 11.58p.

● comment

While Hepworth's full-year profit figures are up to expectations, the 49 per cent jump in the dividend pleased the market. Based mainly on a policy of extending the product range, and to a lesser extent new openings, the company has managed to keep ahead of the market in the past couple of years. In the 12 months under review, Hepworth's profits rose by just over a quarter, which is only marginally short of Austin Reed's performance for a similar period. Stripping out the contribution from new openings, sales volume is almost a tenth higher. While this suggests that underlying growth is still available, the need for diversificaion is just as compelling as it was a year ago. There is room for further expansion of the product range as well as new openings, but if the economy turns sour, and menswear is always one of the first to be hit, then an acquisition will be very useful. At 68p, up 1p, the shares on a p/e of 5.6 and yielding 8.3 per cent, look good against others in the sector.

HIGHLIGHTS

Consolidated Golds Fields has produced its annual report in the midst of a wave of market speculation about big dealings in the shares. Lex explains the background. On an active day for company news Reed International's half-time figures are a quarter up but Harrisons and Crosfield's good rise in plantation pofits has not worked through to the earnings level. Elsewhere the merger terms of Lasmo and Oil Exploration have been revealed while one of the hot takeover candidates. Decca revealed plans to dispose of its loss-making music interests. On the inside pages, companies of note include J. Hepworth, Mallison-Denny, More O'Ferrall and Linread.

Quest closes with 60% premium

BY ARNOLD KRANSDORFF

Quest Automation yesterday became the third company in just over a week to see its shares come to the market with a heavy premium.

At one stage Quest's shares, which were placed last week at 85p each, were trading at 155p on the Stock Exchange's unlisted securities market—a premium of 82 per cent.

They closed at 136p—a 60 per cent premium—after what jobbers described as "an initial flurry followed by more cautious trading throughout the rest of the day." Shares of Gresham House Estate Co., which has more than a 40 per cent stake in Quest, touched 215p but closed at 200p, down 5p, after the hectic start.

Quest's impressive debut follows those of Vitatron NV, a Dutch electrical company, and Link House Publications.

In the case of Vitatron, which is the first company in the EEC to be quoted on the London Stock Exchange without first being listed in its home country, the shares jumped from a placing price of 175p to 280p on the first day, a premium of 60 per cent.

The price settled back to 263p after a director, following consultations with the issuing house, elected to sell a small block of shares in the market but it has since recovered to 282p.

Link House's shares, which were offered at 125p, touched 175p on the first day's trading—a premium of 40 per cent. The shares have since stabilised at around 159p.

Ingall seeks moves on nominee shares

The directors of Ingall Industries are proposing to introduce a new clause into the articles of association which will disenfranchise shareholders who do not disclose their interests.

Under Section 27 of the Companies Act, companies have the power to force disclosure under pain of disenfranchisement, but this has proved difficult where nominee names lead to anonymous foreign investors.

In his annual statement, Mr. H. Marston Riley, chairman, says that during the past two years, a small number of European investors have bought shares totalling some 9 per cent of the company's capital and as far as can be ascertained, no single investor holds more than 5 per cent.

The shares have been purchased in nominee names by one of the large clearing banks, the chairman says.

While foreign shareholders are welcomed, the chairman says it is essential that the names of beneficial owners should be disclosed if requested. "This may appear to be a small matter, but it is a question of principle about which your board feels strongly," says Mr. Riley.

On prospects, the chairman says the directors view the future with confidence and look forward to reporting a further advance for the current year.

In the year ended June 30, 1979, the group, engaged in light engineering and funeral furnishings, reported pre-tax profits of £437,895 against £346,786.

£32,000 loss for Savoy

The Savoy Hotel group suffered a sharp reverse in its results during the first half of this year. The weakness of the dollar, high interest rates and the bad publicity Britain received abroad during the strike-torn winter all took their toll.

The group suffered a £32,000 loss, compared with a pre-tax profit of £432,000 last time.

The results come shortly after Rothschild Investment Trust paid £3.7m for a 28 per cent stake in the Savoy, which also owns the Berkeley, Claridge's and Connaught hotels in London.

Sir Hugh Wontner, chairman and a large shareholder, said the number of U.S. visitors to the UK in the first half dropped by 14 per cent. The weaker dollar was one reason, "but much more crucial was the picture publicised abroad of Britain in the grip of a very severe winter and torn apart by industrial disputes."

One thing that did exceptional harm, he added, was a photograph in foreign newspapers "of rubbish piled high in London streets, with rats gnawing at it." In after-hours trading, the shares eased 3p to 97p.

Sir Hugh said that business improved in May and June, but not by enough to make up for the poor performance in the first four months. Since June, trading results have fluctuated, but have been better on the whole.

Interest charges in the first half soared from £144,000 to £477,000. Sir Hugh added that with the cost of bank loans running at around 15 per cent "it is likely results for the whole year will be disappointing."

Steps have been taken to reduce the size of the loans, and ways of improving profits are also being looked at, he said. In the whole of last year, the Savoy group made a taxable profit of £1.11m, of which more than half came in the second six months.

The Savoy's first-half turnover moved up from £11.24m to £12.9m, with trading profits rising from £2.08m to £2.35m.

Dividends Announced

Page 27

UDT REDEMPTION

S. G. Warburg and Co. announces that the fifth instalment of United Dominions Trust 8¾ per cent bonds 1988 for a nominal value of U.S.$1m have been purchased for redemption on December 1. U.S.$21.5m nominal bonds will remain outstanding after that date.

BOND DRAWINGS

NOTICE OF DRAWING OF BONDS

URUGUAY 3½ PER CENT. CONSOLIDATED LOAN 1891

NOTICE IS HEREBY GIVEN that at a Drawing on the 18th October, 1979, at Williams & Glyn's Bank Limited, 5-10 Great Tower Street, London E.C.3, the following Uruguay 3½% Bonds of 1891 were drawn for repayment at par on the 1st November, 1979, after which date interest thereon will cease.

Bonds of £1,000 each

[illegible]

47 Bonds of £1,000 each amounting to £47,000

Bonds of £500 each

[illegible]

169 Bonds of £500 each amounting to £84,500

Bonds of £100 each

[illegible]

1,629 Bonds of £100 each amounting to £162,900

Bonds of £20 each

[illegible]

280 Bonds of £20 each amounting to £5,600

2,125 Bonds amounting to a total of £300,000

DRAWN BONDS with coupon number 352 due 1st February, 1980 and subsequent attached should be presented for payment at WILLIAMS & GLYN'S BANK LIMITED, 5-10 GREAT TOWER STREET, LONDON EC3R 5DH and left three clear days for examination.

DRAWING OF BONDS

Officiating Notary Public:— Mr. P. Freeman of JOHN NEWTON & SONS, 123/127 Cannon Street, London EC4N 5AX.

Harrisons and Crosfield rises £4.2m at half year

ALTHOUGH turnover was marginally lower at £300m, against £302m, taxable profits of Harrisons and Crosfield increased from a restated £22.64m to £26.85m for the first six months of 1979.

Operating surplus rose by £5.44m to £25.37m, with £13.22m (£9.97m) coming from plantations. Timber and general trading activities both increased contributions, but profits from the chemicals and industrial side were down from £4.6m to £4.18m.

Interest charges were up sharply from £0.77m to £1.81m, while the pre-tax result included investment income of £0.27m (£0.56m) and share of associates' profits little changed at £3.02m, compared with £2.93m.

Overseas trading results for the six months have been expressed in sterling at June 30, 1979 exchange rates. However, had those ru'ing at June 30, 1978 been applied, pre-tax profits for the period under review would have been increased by some £600,000.

Differences arising from exchange rate changes on current assets and liabilities will be included in the full year's results.

Half-yearly tax takes £13.57m (£10.57m) and after minorities and preference dividends, earnings available for ordinary holders were £1.19m higher at £11.41m.

Earnings per £1 share improved from 23.6p to 24.1p and the net interim dividend is stepped up to 7.5p (6.5p)—last year's total was 24.03p on record £52.38m pre-tax profits.

The interim figures this time include results of London Sumatra Plantations and comparatives have been restated to reflect a proportion of this company's 1978 figures.

	Six months 1979 £000	†1978 £000
Turnover	300,000	302,000
Operating surplus	25,374	19,928
Plantations	13,221	9,972
Chemicals and ind.	4,184	4,600
Timber	5,375	2,975
General trading	2,596	2,380
Investment income	270	558
Associates' share	3,018	2,922
Interest payable	1,812	765
Profit before tax	26,851	22,643
Taxation	13,565	10,569
Net profit	13,286	12,074
To minorities	1,818	1,794
Pref. dividends	60	60
Earnings for ord.	11,407	10,220

† Restated.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Allied Irish Banks, Boosey and Hawkes, Booth (International Holdings), Border Breweries (Wrexham), City of London Brewery and Investment Trust, Dumbee-Combex-Marx, English and International Trust, Greig Shipping, OK Bazaars (1929), Richardsons Westgarth.

Finals:—Aberdeen Trust, Audio Fidelity, United Real Property Trust.

FUTURE DATES

Interims:—

Cockaedge	Nov. 21
Fortnum and Mason	Nov. 8
Hill (H. & J.)	Nov. 2
Hill (Philip) Investment Trust	Nov. 8
London & Midland Industrials	Nov. 8
1928 Investment Trust	Nov. 9
Prince of Wales Hotels	Nov. 1
Progressive Secs. Invest. Tst.	Nov. 8
Scapa Group	Nov. 30
Somic	Nov. 8
Slaveley Industries	Nov. 8
Valor	Nov. 15

Finals:—

Beazer (C. H.)	Nov. 5
British Car Auctions	Nov. 5
Kynoch (G. & G.)	Nov. 6
Wemyss Investment	Nov. 1

Progress for A. Mucklow

LOOKING forward to another satisfactory year Mr. Albert J. Mucklow, chairman of A. and J. Mucklow Group, says in his annual statement that prospects are good and progress has been made in the first three months.

Property investment income should rise significantly reflecting, in the main, a full year's contribution from the rent reviews and new lettings negotiated in 1978-79. The group's trading interests are also budgeted for increased profits.

Mr. Mucklow sounds a note of caution, saying that should economic disruption intensify during the coming winter conditions affecting the business could deteriorate. However, against this he stresses that the company is not only financially strong but flexible, and could cut back expansion quickly if an appreciable deterioration should occur.

During the group's current phase of active physical expansion it has remained a central feature of board policy to maintain a strong balance sheet. At June 30, 1979, long and medium term borrowing totalled £5.08m and the net overdraft was £1.39m reflecting the requirements of the factory and business programme. However, the ratio of borrowings to preference and ordinary shareholder's funds remained modest at 18.4 per cent against 9.2 per cent a year previously.

Since the year end, the company has taken up a further £2m medium term loan from the Midland Bank. Furthermore, the board has decided that it is in the long-term interests of the business to restructure the group's borrowings, so that some portion of the money required to finance the current and future factory expansion programme should be financed by long-term borrowings on fixed terms. Consequently, an issue of £5m of 13½ per cent first mortgage debenture stock 2000/05 at 98½ per cent was made on October 8, 1979 and the stock was placed largely with institutional investors. A listing of the stock was granted by The Stock Exchange with effect from October 12, 1979.

As already reported, pre-tax profits for the year to June 30, 1979 surged ahead from £2.83m to £3.17m. Meeting, Birmingham on November 22 at 10.30 a.m.

PYE CAMBRIDGE

The Board of Pye of Cambridge confirms that the terms for repayment of its loan capital will be £100 in cash for every £100 nominal of 6½ per cent stock and £98 in cash for every £100 nominal of 6¾ per cent stock.

More O'Ferrall profit almost doubled midway

PRE-TAX profits of More O'Ferrall, outdoor advertising and ancillary services group, were almost doubled from £0.71m to £1.37m in the first six months of 1979 and the full year's result is expected to show a further substantial increase over the record £1.62m achieved in 1978.

The profits jump was largely due to the continuing high demand for the company's supersites and special poster sites, and the expansion of various undertakings.

All enterprises in the UK and overseas are performing very satisfactorily, the directors report.

At present, prospects for 1980 appear to be satisfactory, they add, but with inflation and rising costs they do not anticipate as significant an increase in profits as in the current year.

Turnover for the first half advanced from £3.99m to £5.36m. After-tax earnings per 10p share jumped to 13.3p (6.9p) and the interim dividend is effectively doubled from 0.75p to 1.5p net—last year's total was an equivalent 3p.

The half-yearly pre-tax result included associates' contributions ahead at £191,000 (£47,000), but was subject to tax up from £389,000 to £743,000.

● comment

It has been a banner first half for More O'Ferrall. The boom in outdoor advertising has continued unabated, with particularly beneficial impact upon this company's upmarket business. The 93 per cent leap in pre-tax earnings can be attributed to buoyant demand, price increases and the attractiveness of the firm's Supersites. This performance is even better than London and Provincial's 54 per cent profits rise reported a few weeks ago. The interim dividend is up nearly 100 per cent adjusting for the scrip issue, with a possible prospective yield of 7 per cent at 123p, if the final is raised by as much. Some analysts are projecting more than £2.5m pre-tax for the year, which suggests a fully taxed p/e of around 6. But although business looks good in the near future, this is a volatile sector, and if there is a squeeze on consumer spending next year, this company could be vulnerable.

ABTA policy extends medical cover

The Association of British Travel Agents has extended the medical cover under its travel insurance policy Extrasure. This cover, which is available as an optional extra, extends the medical insurance cover from its present limit of £5,000 to £20,000.

The increased cover has been added to meet the high cost of medical treatment in certain countries, particularly the U.S.

This country is expecting 1.2m visitors in 1980 from the U.K. and is becoming an increasingly popular tourist destination. There are no exclusion clauses for pregnancy or pre-existing medical conditions.

It is valid for 31 days at a cost of £8 for Europe and £12 worldwide, and is renewable up to a maximum of six months.

Scott & Robertson makes £77,000 improvement

WITH TURNOVER higher at £11.61m against £9.86m, pre-tax profits of Scott and Robertson, the textiles concern, moved ahead from £312,000 to £389,000 in the half year ended August 31, 1979. And the directors say a reasonable start has been made to the second six months.

They add, however, that the general expectation of an increasingly difficult economic climate inevitably dictates caution in viewing the immediate future.

For the previous full year, profits reached £825,000 on £19.59m turnover.

After a half-yearly tax charge of £117,000 (£131,000), earnings for the period rose from 3.62p to 5.46p per 25p share. The interim dividend is pegged at 1.532p net, costing £75,807 (same)—last year's total was 3.064p.

74 companies wound-up

Orders for the compulsory winding up of 74 companies have been made by Mr. Justice Oliver in the High Court. They are:

T. Whyman and Son; W. and A. Gothard (Contractors); Shieldcotes; Firmgrade; H. D. and R. Builders; Baleasa; Conad.

Portfield Properties; Beloogrange Transport; L. A. Eade; R. S. Crouch (Cirencester); Carnbrook Haulage Company; The Company of Knights; M.K. Fashions.

L. Meldrum Beardsley; Roydon Cleaning Services; Towerbond Builders; Truejoy; Yalper Engineering; Delwyn Transport.

Intrafil Systems; The Lifeboat Inn (Thornham); Enderlin; R.K. Leatherwear; Best Fashions.

Staveleys Data Services; Foamalite; John E. Boots and Company; Carmoss; Inter-City Insurance Brokers; Wealhurst; Kelvinbourne.

Farnborough Construction Company; Marrero Colour Labelling Systems; St. Bernard Garage; Crowforest; Hilton Street Wholesale Furniture; The Bishopsgate Typewriter Company.

Adam Collection; Farmdale Estates; Quinmoor; Cambridge Demolition Company; Starthread; Owen Interiors; Tyrella Company.

Strafin (UK); J. Salter Plant; Kasper and Co. (Knitwear); Wingold Disposable Suppliers; White Falcon (London and Overseas); Varipiast (U.K.).

Globe Asphalte and Flooring Co.; Nesshart; Michael Koopman (Management); Sandpiper Restaurants (Southport); J. A. Kearns (Construction); Film Foods; Jiten (Properties).

Ranasinghe Late Night Shops; P.K. (Dental); Baltic Technical Services; Chelmsford Car Radio; Albafine; Aston Mouldings; Azad Publishers; Blandswood Securities.

B. and T. Butchers; C. and L. Estates; Raymar Records; Robert Johnston Investments; Rondale Chair Frames; Spearcork; The Node Centre Society; Warmthmaster.

A compulsory winding up order made on October 15 against S.D.S. Steels was rescinded and the petition dismissed by consent.

Compulsory orders made on October 22 against Copysavers (Copiers) and Mansert Shipping (now Tramar Services) were rescinded and the petitions adjourned for 21 days.

GENERAL PRACTICE FINANCE CORPN.

The Treasury has approved proposals by the General Practice Finance Corporation for a further issue of stock. The Secretaries of State for Social Services and for Scotland have also consented to these proposals.

Accordingly the Corporation has made an issue of £1m General Practice Finance Guaranteed 13½ per cent Stock 1995 which will be taken up by the National Debt Commissioners in two instalments, the first of £250,000 on October 30 1979 and the second of £750,000 on December 14 1979. The issue will be made at £98½. It is covered by Treasury Guarantee.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Border & Southern	1.15§	Jan. 3	1.15	1.85	1.7
Reed Intnl. ......int.	4	Jan. 8	3	—	8
Linread	2	—	1.5	3	2.5
Lake View Trust ...int.	1.1‡	Nov. 30	1	—	3
S. Simpson	2.95	Jan. 4	2.95	4.26	4.26
J. Hepworth ......int.	3	—	1.82	3.79	2.54
MDW Holdings ......int.	1.25	Jan. 8	1	—	3.01
More O'Ferrall ......int.	1.5	Dec. 31	0.75*	—	3
Mallinson-Denny ......int.	1.5	Jan. 5	1.35	—	3.12
Harrisons & Crsfld. int.	7.5	Dec. 7	6.5	—	24.03
Scott & Robertson int.	1.53	Jan. 3	1.53	—	3.06

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Plus special dividend of 0.65p for non-recurring dividends following removal of controls. § Plus special dividend of 0.35p.

MINING NEWS

Gold Fields is set for another good year

BY KENNETH MARSTON, MINING EDITOR

WHILE THERE is nothing in the annual report of Consolidated Gold Fields to support the vague take-over rumours that have boosted the share price in recent times, at least the UK-based mining and construction group seems to be heading for another good year.

Mr. Rudolph Agnew, the group's chief executive, lists the current uncertainties which in U.S. recession, unpredictable movements in gold and base metal prices and currencies coupled with UK restrictions on government spending on construction, but adds: "We anticipate a successful year despite them all."

In the year to last June net profits rose by 63 per cent to a record £56.2m and the dividend total was increased by 47 per cent to 13.5p per share. The main contributor to these higher earnings was the strength of the gold price via the 46 per cent stake in Gold Fields of South Africa. The South African interests provided half the total net profits of Gold Fields.

The other mining interests did well, notably Australian iron ore via Mount Goldsworthy and the money-spinning Renison tin mine in Tasmania. But part of the benefits were offset by start-up losses at the North American mining activities.

The important construction materials interests held via Amey Roadstone Corporation, earned more despite bad weather in the northern hemisphere and a rather weak market in the UK. Manufacturing activities had a good year, notably the U.S. Ascon steel and drilling rig group.

Most of the group's operations look set for a satisfactory performance in the current year to next June. As far as ARC is concerned, UK Government construction cutbacks will not take effect before next June and, in any event, this "flexible" company carries out a high proportion of vital maintenance work.

But the main rock on which Gold Fields' revenue depends is still gold. In the year to last June the bullion price averaged about $230 per ounce and so if the price holds at anywhere near its present level of $370-plus the group's earnings from gold are going to show a further advance in the current year.

Thus with the prospect of South African revenue providing more than half total net earnings, it is difficult to see how Gold Fields would replace this high income if, as recent rumours have suggested, the parent company sold its stake in GFSA, no matter how good an offer were made.

Meanwhile, Lord Erroll, the Gold Fields chairman, has said that there is no intention of diluting the holding in GFSA. But unless there is some form of take-over bid in the offing for Gold Fields—and the group has denied that it has received any approaches in this direction—the shares at 305p seem high enough.

See Lex

Canada-Soviet potash talks

THE SOVIET UNION and the Canadian province of Saskatchewan, two of the world's largest potash producers, are to share information on the production of the mineral, reports our correspondent from Saskatchewan. A Saskatchewan delegation is to tour the Soviet Union from November 19 to 29 and sign a technical information exchange agreement.

The tour and pending agreement is a result of Premier Allan Blakeney's September world tour. The Premier had expected only preliminary discussions with Soviet officials, but the latter immediately showed great eagerness to share potash mining information.

The USSR produces 35 per cent of world potash and the Saskatchewan expansion programme will take it beyond its present 25 per cent of the world market.

The Russians also feel comfortable in having their state-run potash industry dealing with the Crown-owned Potash Corporation of Saskatchewan. This is North America's largest producer and will directly benefit from the new agreement.

No early announcement is expected of the details of the agreement, but general areas of information exchange have already been mapped out by both sides.

The agreement falls under the Canada-USSR commission on economic, industrial, scientific and technical co-operation. A new potash group will be formed with Saskatchewan's Mineral Resources Department Deputy Ministers Robert Moncur holding the Canadian co-chairman's seat.

Saskatchewan is particularly interested in Soviet waste management practices. Only 25 per cent of potash ore contains potash salts. The remaining 75 per cent, which includes table salt, is now put in surface brine pools.

The Soviets not only extract by-products from the waste, but also fill mined-out sub-surface areas with waste. As salt is highly corrosive, Saskatchewan wants to see how the Soviets handle the corrosion problem.

Saskatchewan is also interested in Russian experiments using electricity to separate potash salts from ore; electro-static separation could be done underground, bringing about operational savings. The Saskatchewan delegation will be led by Mr. Moncur.

Recovery at Greenvale

THE TROUBLED Greenvale nickel-cobalt project in Queensland showed distinct signs of recovery in the September quarter. This is apparent from the latest figures, announced yesterday, of Metals Exploration Queensland.

MEQ is the deconsolidated subsidiary of Metals Exploration. It is a partner with Freeport Minerals of the U.S. at Greenvale.

The company made a net profit for the quarter of A$1.25m (£667,000) compared with a net loss in the same quarter of 1978 of A$3.59m.

This figure is struck after deducting from the operating profit of A$5.37m interest payments of A$575,000 and other costs, embracing postponed and accrued interest, depreciation and amortisation of exchange losses of A$3.55m.

The basic reason for the improvement in the financial fortunes of a project, which is overloaded with debt and which has been the subject of considerable restructuring, seems to have been sales of cobalt on to a firm market.

Mixed sulphide output provided production of 423,000 kg of contained cobalt compared with 248,000 kg in the comparable period of 1978.

At the same time, the project will also have received the benefit from the steadier tone of nickel prices on world markets this year.

In London yesterday, Metals Ex shares were 49p.

ROUND-UP

Higher lead, zinc and silver prices this year permitted Cyprus Anvil Mining of Vancouver to earn net profits in the first nine months of this year of C$33.56m (£13.5m) compared with a loss of C$632,000 in the same period of 1978. But a strike at its mine in Faro, Yukon, will reduce fourth quarter sales.

* * *

McIntyre Mines, the Canadian coal producer, plans a rights issue to raise some C$50m (£24.1m) in order to retire outstanding bank debt. Superior Oil and its affiliates, which control about 51 per cent of McIntyre, intend to exercise their rights.

BIDS AND DEALS

Lasmo-Oilex merger looks certain to go ahead

BY CHRISTINE MOIR

London and Scottish Marine Oil yesterday unveiled tha terms of its agreed ahare offer for Oil Exploration and announced that success is virtually assured.

The major ahareholders, accounting for 40.4 per cent of Oilex, have already committed themselves tot he 19 for 10 offer and Premier Consolidated Oilfields, which owns another 8.9 per cent, pnt out a separate announcement of its own "enthusiastic support."

Both aets of shares had been suspended since the merger talks were disclosed; Lasmo at 296p and Oilex at 535p. Immediately following anouncement of the terms, Lasmo came back at 290p, valning Oilex at 551p a share of £71.6m, just £2m abova the market's estimates of its valne at suspension.

Oilex'a shares rose from 535p on suspension to 542p in the market yesterday, affected hy the alternative partial cash offer, underwritten hy Morgan Grenfell as bankers to Lasmo, of 523.45p a share. The cash offer, which closes 21 days after the offer documents are posted, is for a maximum of half the new Lasmo shares issued to satisfy the merger.

Because these will involve a 33.7 per cent increase in Lasmo's share capital its own shareholders will need to be consulted in advance ahout tha offer.

This does not eppear to be an obstacle: when Lasmo's shares were first puhlicly offered in 1977, the prospectus outlined plans for the company to expand in oil exploration beyond its aingle assets of 7.8 per cent of the Ninian Field.

As the participants describe the merger with Oilex, the alternatives for shareholders would be a series of rights issues to fund new exploration, or the purchase of a company with its exploration already underway. In Oilex's case Lasmo is buying five years of exploration, a spokesman said.

The main exploratory assets it owns, however—an 8.52 per cent interest in "T" block in the North Sea where tha triple Tiffany, Toni and Thelma fields could shortly he developed—are still speculative and this could affect Lasmo's dividend policy.

Lasmo's ordinary shareholders are still waiting for their maiden dividand. Yesterday the directors confirmed that it should be paid in 1981 for the 1980 year hut warned that the size of payment might be scaled down in view of the risks and costs being taken on with Oilex, hy comparison with that available from the revennes of the Ninian fiald.

As the announcement made clear, the merger is intended to produce medium term benefits for the 1980s on the back of the revenne now flowing into Lasmo. "After meeting its loan repayment obligations Lasmo will have substantial cash flow to secure the "T" block and Andrew development (in which Oilex has 8.25 per cent) in the most tax effective manner."

A spokesman for Lasmo explained that the company had had a choice between winding down as the Ninian field reached maturity or reinvesting that revenue in more development, thereby avoiding corporation tax during the next lead up period. In addition the combined group would have more muscle for further expansion in the North Sea.

Oilex's shareholders would be able to participate in this growth. Meanwhila they ar ato receive a special interim dividend, in lien of a final, of 3.7p a share. J. Henry Schroder Wagg, the hank adviaing their board, has recommended the offer as fair and reasonable.

Offer documents, which should detail the potential of "T" block, are expected next week.

See Lex

CRODA

Croda Food Ingredients, a subsidiary of Croda International, has acquired the capital of Jotcham Bros. (Langport), licensed slanghterer and processor of animal hy-products.

Jotcham will continue to operate under its present management from its alte in Somerset. The acouisition represents less than 5 per cent of Croda's assets.

GIBBONS DUDLEY

Steetley's offer for Gibbons Dudley has gone unconditional. Acceptances have been received in respect of 50.27m shares (85.9 per cent).

The offer will remain open for acceptances until further notice and Steetley intends to acquire the outstanding shares of Gihbons Dudley if sufficient additional acceptances are received.

HELENE OF LONDON EXPANSION

Helene of London, the fashion group, is buying Harold Lee (Harlee), a privately-owned maker of children's coats which supplies British Home Stores and other chains.

The price will be equivalent to nine times the average annual profits after tax earned by Harlee between July of next year and July 1985. Helene will be making an initial £500,000 payment, of which £300,000 will be in shares and the rest in cash.

A further payment on account will be made in 1983. Harlee has stated that its net assets at June 30, 1979, were not less than £250,000 and that profits for the year to June 30, 1980, will not be halow £250,000. In 1978-79, profits totalled nearly £155,000.

BLAGDEN AND NOAKES PURCHASE

Blagden and Noakes (Holdings) has purchased the assets, premises and goodwill of Pargeter Plating of Bloxwich. This business will in future he carried on from the same premises hy Toolchrome (a Blagden subsidiary) which specialises in electro-deposition of hard chromium, nickel and copper for the engineering industry.

BUTLINS BUYS THAMES BOATYARD

Bntlins is buying Bert Bushnell's (Maidenhead), a company which operates 56 holiday cruisers on the Thames

The consideration is not disclosed hut is substantially less than 1 per cent of the net assets of the Rank Organisation, Butlins' parent. The hoats will be marketed through Hoseason'a Holidays.

JORDAN & SONS

Jordan and Sons, the corporate information company, has acquired the company formation, memorandum and articles printing and search business of F. S. Moore.

The printing works of Moore will continue in business in London.

SLOUGH ESTATES

Slough Estates announces that under the agreement entered into in connection with the offer for Yorkshire and Pacific Securities in March 1969, a further 91,942 ordinary shares have been issued by the company in exchange for 35,915 shares of no par valne in Slough Estates Canada.

Manor National offers £1.8m for CGSB

Manor National Group Motors is hidding over £1.8m for fellow motor distributor CGSB Holdings of Newcastle to create a group which would have a total turnover of more than £60m.

Manor, formed out of the merger of Oliver Rix and Manchester Garages, is offering one of its own shares and 20p cash for each GGSB share. As an alternative to the cash, shareholders may receive 20p nominal of a new 10½ per cent loan stock.

CGSB's directors, their families and trustee interests have accepted the offer for 56.3 per cent of the shares. Manor, which signalled its intention to bid last week, is also offering 80p cash for the CGSB £1 preference shares.

With full acceptance of the bid, the total potential cash consideration will be £560,400. The shares of both companies came hack from suspension yesterday; Manor'a were quoted at 24½p against a suspension price of 22½p last Friday, while those of CGSB ended at 42½p compared with 36p.

Manor's offer is conditional on CGSB achieving a pre-tax profit of at least £45,000 in the year which ended on September 30. CGSB's profit for the previous year was £323,000 on sales of £17.5m, but it was hadly hit early in 1979 by the haulage strike, interest costs, pressure on margins and the dislocation caused by refranchising at one outlet.

Manor made a pre-tax profit of £1.01m on sales of £42m in 1978 and the offer is conditional on confirmation of its forecast that this year'a result will be at least £1.2m If this is so, the company will pay a final dividend of 1.5p net making a total of 2, 2.5p for the year.

The enlarged Manor group will have around a quarter of its business in the distribution of Ford vehicles, 60 per cent with BL, and the rest in other franchises and activities. Manor is being advised by Illingworth and Henriques Rickitt, while GGSB's advisors are Charterhouse Japhet.

CARCLO/ECC

Carclo Engineering's revised £7.7m bid for English Card Clothing provides for shareholders of the latter to receive a special interim dividend of 1.63p net compared with the 1.2p paid a year ago.

In addition, the formal offer document includes an offer of 80p cash for the EEC preference shares.

Carclo said it now has acceptances for 52.7 per cent of EEC's ordinary shares. The revised offer also reflects an 11-for-four scrip issue by EEC as a means of rednicing the expenses of the bid.

SHARE STAKES

Burns - Anderson — Mr. W. Burns and Mr I. L. Black, directors, have disposed of 20,000 ordinary each.

Elswick-Hopper—Mr. E. A Clements, director, has acquired 55,000 ordinary, hringing his holding to 2,438,033 ordinary (7.13 per cent). Mr. G. Calvert, director, has disposed of 35,000 ordinary, reducing his holding to 1,965,000 (5.74 per cent).

Whitworth Electrical (Holdings)—Mr. D. P. A. Thomas has disposed of 20,000 ordinary shares and now holds 230,721 shares (5.8 per cent).

Walter Duncan and Goodricke—Lawrie Plantation Holdings has honght a further 22,731 shares and now holds 764,913 shares (43.71 per cent).

A. J Mucklow Group—Mr. Trevor Mncklow, director, has disposed of 75,000 shares from his beneficial interest.

Lowland Drapery Holdings—Michael Black Ltd. has disposed of its holdings of 194,400 shares (8.2 per cent).

Second City Properties—Control Securities has acquired a further 75,000 shares and now holds 1,347,500 shares (10.002 per cent).

Warren Plantation Holdings—Urogate Investments (a company in which Mr. K. P. Legg has an interest) has acquired 20,000 shares and now holds 480,000 shares.

Nova (Jersey) Knit—Mr. F. Strasser, director, disposed of 53,000 ordinary shares.

Alliance Investment—National Coal Board Staff Superannuation Scheme and Mineworkers Pension Scheme have acquired 15,000 ordinary shares.

Pentland Investment Trust—Knwait Investment Office has acquired a further 10,000 ordinary shares and now holds 1,397,000 shares.

Francis Parker — Electra Investment Trust has acquired a further 100,000 shares and now holds 1,515,000 shares.

Lowland Drapery Holdings: Cattle's (Holdings) hold 239,500 shares (10.137 per cent).

Bryant Holdings: A subsidiary of Taylor Woodrow, E. and D. Taylor (Insurance Brokers), has sold its holding of 1,075,000 ordinary.

Eleco Holdings: Mr. F. Webster, chairman, has contracted to sell 50,000 ordinary.

Brooke Tool Engineering (Hnldings): Following the recent conversion of loan stock the Prudential Corporation and its subsidiaries hold 475,033 ordinary.

Mallinson-Denny edges ahead to £4.87m at half-time

After a difficult start to the year profits of Mallinson-Denny edged ahead in the first half of 1979. On sales ahead from £103.7m to £113.6m taxable profits were £4.87m, against £4.76m.

However the net interim dividend is being lifted from 1.25p to 1.5p. Last year the total payment was 3.118p on taxable profits of £10.04m. Stated earnings per 25p share at midway are down from 7.1p to 6.74p.

The directors say January and February were exceptionally difficult. UK customers suffered severely from weather and transport problems but there was then a considerable improvement, which so far has been maintained.

But the Board warns there are many adverse signs in the British economy and, although overseas results show an improvement over 1978, the future conversion rates of sterling cast doubts in this area.

Tax at halfway takes £1.36m (£1.19m) after which net profits are £3.51m, compared with £3.57m. This year's tax charge has been estimated conservatively and does not provide for deferred tax. The 1978 charge has been adjusted to reflect the effective rate for the full year.

The dividend absorbs £774,000 (£644,000).

● comment

Buoyant UK trading conditions from March onwards have enabled Mallinson-Denny to offset a host of problems and declare marginally higher profits. Interest-charges have probably risen by around £1m, the strength of sterling by mid-year clipped all the underlying advance off overseas earnings and a combination of strikes and bad weather turned the first two months into a disaster. Next year the picture should be reversed. Trading prospects are fairly gloomy but interest-rates and sterling may well be at lower levels, some stock-profits could be forthcoming and the French subsidiary—which lost £250,000 in the first half—should be in the black. The 20 per cent dividend rise seems designed not only to bring down the high cover but also to express confidence in next year. The market is taking a cautious view of the future. The shares finished 4½p down at 53p yesterday which, on full-year profits of £11½m, gives a p/e of 3.1 on a 25 per cent tax charge, rising to £4.9 on a fully-taxed basis. Good support is offered by the yield, which is 10.4 per cent if the final is raised by a fifth.

VANTONA

The Board of Vantona Group has decided to put proposals to the holders of the £523,139 of 10 per cent debenture stock 1995-2000 which would result in early repayment of the stock.

The basis for the proposed repayment will be £96 for every £100 nominal of the stock, plus interest to the repayment date, envisaged as November 30.

MDW rises to £412,000

On turnover ahead some 15 per cent from £12.6m to £14.6m taxable profits of MDW Holdings advanced from £347,000 to £412,000 in the half-year to June 30, 1978.

The net interim dividend per 25p share is being lifted from 1p to 1.25p. The group last year paid a total of 3.0113p after raising taxable profits to £1.07m.

The directors say the level of inquiries has not yet been noticeably affected by capital spending cutbacks, and it seems the present volume of turnover can be maintained.

But profits from construction remain constricted. One reason is the very keen competition in the industry, and the results again reflect this.

Tax for the first six months is £216,000 (£182,000), and the attributable surplus is up from £165,000 to £196,000.

The group is a building and civil engineering contractor.

Sun Life Pensions

Sun Life Pensions Management, a member of Sun Life Assurance Company, is extending its range of funds available to its pension fund clients with the aim of providing more flexibility in investment.

The company was launched in 1973 to provide investment management on a unitised basis. Total funds under management now amount to over £55m, but the investment has been almost entirely in equities and fixed interest securities. The company has recently started to invest more in property and this now accounts for 4 per cent of the funds under management.

But the company has found from some clients a considerable interest in having a range of funds from which to choose, with particular emphasis on property. So it is introducing two new funds—a Stock Exchange Securities Fund and a Property Fund—to go with its current Mixed Fund.

The Stock Exchange fund will invest mainly in equities and fixed interest stocks both UK and overseas, while the Property Fund will invest mainly in freehold and leasehold commercial property. This will give pension fund clients the flexibility to vary the proportion held in property investments. The clients can leave the investment choice to Sun Life by investing in the Mixed Fund, which will invest mainly in units of the other two funds.

UK COMPANY NEWS

Linread second-half recovery to £775,000

AFTER BEING down at half-time Linread, the cold forged fasteners group, lifted the year-end taxable surplus from £615,000 to £775,000. Turnover advanced from £15.16m to £16.66m.

At midway when the pre-tax profits fell from £189,000 to £107,000, the directors said that they expected the second-half surplus to be similar to last year's.

The net total dividend per 25p share is being lifted from 2.9p to 3p, with a 2p final.

The pre-tax profit for the year to July 28 was struck after depreciation and amortisation of £406,000, against £395,000 and interest charges down slightly from £365,000 to £346,000.

Tax for the period is up from £253,000 to £278,000, and stated earnings per share are ahead from 5.96p to 8.42p.

• comment

Linread's historic yield of 17.1 per cent and p/e of 3 on published basic earnings at 37p are symptoms of limited marketability and an uninspired track record. Moreover, the standard machine fastenings market is being heavily attacked by import competition but Linread has pushed profits up by 26 per cent to a new peak and comfortably over half these earnings derive from industries which have been performing well. Profits from the Fabco operation, supplying fasteners for industrial property cladding, have virtually doubled and the aircraft division has recovered impressively from heavy losses. Commercial product activities are by far the largest revenue producer but, after the ravages of a severe winter and the nine-week Ford strike last autumn, there is massive scope to restore margins. Canada is still contributing only a negligible return and sterling profits from Germany have been clipped by a tenth through currency movements. The shares are unlikely to outpace the sector but the group's concentration on specialist fastenings with application in the aircraft and building industries may provide the basis for a more stable profit platform.

Border and Southern advances

Total income of Border and Southern Stockholders Trust rose from £3.34m to £4.1m in the year to September 30, 1979.

After expenses and interest down from £443,087 to £410,781 and higher tax of £1.3m (£1.06m), stated earnings per 10p share are up from 1.88p to 2.39p. The net asset value per share is 86.8p (87.3p).

The final dividend is maintained at 1.16p, making 1.85p (1.7p). The current payment will also include a special dividend of 0.35p in respect of the 1979-80 year, resulting from non-recurring dividends received as a result of the lifting of controls.

Fresh start for Tri-ang toys

BY ALAN WRAIGHT

THE NEW Tri-ang Toys factory at Merthyr Tydfil started production yesterday, following the £½m rescue operation of Tri-ang Pedigree by Morris Vulcan, Europe's biggest maker of roller skates, and the Welsh Development Agency.

Budgeted turnover for the coming year is £1m and Mr. Derek Morris, managing director of Morris Vulcan, said yesterday that this is well within the capabilities of the toy market with orders totalling some 50 per cent of budgeted turnover already received.

When Tri-ang Pedigree ceased trading late last year annual turnover was running at around £3.6m and the workforce totalled 330.

At present only 25 people are employed by the new Tri-ang but this should rise to around the 70 mark within the year, said Mr. Morris.

He added that the Tri-ang range would be cut to around 10 products but the possibility of leasing Tri-ang plant and name on a world-wide basis was being investigated.

The refurbished 46,000 sq ft factory with agreement for further extension, at Dowlais, Merthyr Tydfil, just a mile from the old Tri-ang Pedigree works, was acquired with the assistance of the WDA's commercial division. Plant and machinery have been installed and production came on stream ten days ahead of target.

"We considered it a major priority after completing our initial production, market and cost analysis assessments, to provide the incentive of a fresh impetus in more potentially efficient and congenial surroundings for all those involved in reviving this household name in British 'toys,'" explained Mr. Morris.

"We have maintained our pledge to continue the Tri-ang operation in Merthyr and have now commenced limited production before finalising the full initial range of products for 1980."

First item to be manufactured under the Tri-ang new look—a batch of Chubby Cars—has been ordered in advance.

UK NEWS

Hugh Routledge

£10m bill for Dorchester Hotel changes

London's Arab-owned Dorchester Hotel is to spend £10m on improvements and refurbishing over the next 18 months. The number of rooms will be increased from around 350 to nearly 400. The hotel changed ownership three years ago for £9m.

Apart from improvements to the rooms there will be considerable changes to the public areas, including elevation of the floor of the Terrace Restaurant to give it a view of Hyde Park. The ballroom is likely to be reduced in size.

The hotel insists that the mood will still be English and that, in spite of the ownership, "there will not be camels in the lobby." There are suggestions, however, that the changes will lead to price rises, although competition on the Park Lane hotel strip will clearly dictate tariff levels to some extent.

The new management team are pictured above. They are (left to right) Mr. Paul Bougenaux, executive vice-chairman, Mr. Albert-Jean Ruault, managing director and Mr. Christopher Bruce, chairman.

Call to aid Black business in S. Africa

BY MAURICE SAMUELSON

A BLACK businessman from South Africa called last night for Western help in encouraging the growth of the Black business sector in his country.

Foreign business leaders should assist Black businessmen to become entrepreneurs and job creators, Mr. Sam Motsuenyane, chairman of the African Bank of South Africa, told a dinner in London.

Mr. Motsuenyane, who is also a director of Hill Samuel and ICI in Johannesburg, said there had been heartening changes of Government policy in regard to Black participation in South Africa's economy and that the earning and spending power of Blacks would accelerate.

By the year 2000, the number of Blacks coming on to the labour market would have risen from 250,000 to 360,000 a year. To cope with this large demand for jobs, it was "absolutely necessary that more and more Blacks become involved as entrepreneurs and job creators, because it is unrealistic to expect 4m Whites in South Africa to cope with the country's unemployment problem."

Despite the changing attitude of the White business community, Black companies were often denied support by White companies. Basic services in Black townships had to be provided if the Black business environment was to be made more attractive.

Foreign business leaders should support a programme of direct financial aid to Black businessmen by promoting joint ventures with small industrialists, acting as consultants to new companies and by integrating Boards and managements.

EUROPEAN OPTIONS EXCHANGE

Series	Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C F.340	—	—	1	11.50	—	—	F.338
ABN C F.360	—	—	—	—	4	7	"
AKZ C F.27.50	14	1.40	2	2.30	3	2.90	F.26.90
AKZ C F.30	20	0.60	64	1.40	16	1.80	"
AKZ C F.32.50	14	0.20	—	—	—	—	"
AKZ P F.27.50	20	1.10	—	—	6	1.40	"
AKZ P F.30	60	3	6	3.10	—	—	"
BQ C F.320	10	11	—	—	—	—	F.326.50
CSF C F.440	5	13.60	—	—	—	—	F.416.90
FNC C $25	5	⅛	—	—	—	—	$21⅛
HO C F.27.50	2	1.10	—	—	1	2.70	F.27
HO C F.32.50	10	0.20	—	—	—	—	"
IBM C $65	5	2½	—	—	10	5⅛	$62½
IBM C $70	10	1	—	—	—	—	"
KLM C F.80	80	4.60	40	6.20	—	—	F.78.70
KLM C F.90	39	1.60	72	3.30	6	4.30	"
KLM C F.100	64	0.80	19	1.70	—	—	"
KLM C F.110	4	0.20	40	0.60	—	—	"
KLM P F.80	168	4.50	1	6.70	26	6.70	"
KLM P F.90	102	11	20	11.20	—	—	"
KLM P F.100	—	—	1	20.70	—	—	"
NN C F.120	10	2.60	6	4.80	—	—	F.116
NN C F.125	5	1	12	2.50	—	—	"
PET C Fr.5500	3	250	—	—	—	—	Fr.5430
PHI C F.22.50	43	1	76	1.60	7	1.90	F.22.40
PHI C F.25	3	0.30	31	0.60	7	1	"
PHI C F.27.50	275	0.10	—	—	—	—	"
PHI P F.22.50	—	—	8	0.90	32	1.20	"
PHI P F.25	—	—	30	3	—	—	"
PHI C Fr.27.50	6	5.20	—	—	—	—	"
PRD C $25	2	1⅞	—	—	—	—	$23
PRD C $30	96	½	—	—	—	—	"
PU C F.300	5	19	—	—	—	—	F.290
RD C F.145	20	12	—	—	—	—	F.161
RD C F.160	624	6.50	2	0.80	1	11.50	"
RD C F.160	176	2.30	18	6.30	1	7	"
RD P F.160	38	2.70	—	—	—	—	"
RD P F.160	7	7.10	4	9	—	—	"
UNI C F.120	9	2.70	1	4	2	6	F.120.40
UNI C F.125	—	—	—	—	1	2.50	"
UNI C F.130	30	0.60	—	—	—	—	"
	Nov.		Feb.		May		
BAZ C $45	—	—	1	2⅝	—	—	$41⅝
SLY C $80	20	5	—	—	—	—	$84⅛
SLY C $90	10	¼	40	3	—	—	"

TOTAL VOLUME IN CONTRACTS 6246

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %	Hill Samuel	§14 %
Allied Irish Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Julian S. Hodge	15 %
American Express Bk.	14 %	Hongkong & Shanghai	14 %
A P Bank Ltd.	14 %	Industrial Bk. of Scot.	14½%
Henry Ansbacher	14 %	Keyser Ullmann	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	15½%
Banco de Bilbao	14 %	Lloyds Bank	14 %
Bank of Credit & Cmce.	14 %	London Mercantile	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Bremar Holdings Ltd.	15 %	Norwich General Trust	14 %
Brit. Bank of Mid. East	14 %	P. S. Refson & Co.	14 %
■ Brown Shipley	14 %	Rossminster	14 %
Canada Perm't Trust	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Cayzer Ltd.	14 %	Schlesinger Limited	14 %
Cedar Holdings	14 %	E. S. Schwab	15 %
■ Charterhouse Japhet	14 %	Security Trust Co. Ltd.	15 %
Choulartons	14 %	Shenley Trust	16 %
C. E. Coates	14 %	Standard Chartered	14 %
Consolidated Credits	14 %	Trade Dev. Bank	14 %
Co-operative Bank	*14 %	Trustee Savings Bank	14 %
Corinthian Secs.	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	14 %	Whiteaway Laidlaw	14½%
Eagil Trust	14 %	Williams & Glyn's	14 %
English Transcont.	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12½% and over £25,000 12¾%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

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COMPANY SHARES FOR EMPLOYEES

BY ANDREW FISHER

Britain's new breed of shareholders

A NEW breed of shareholders is emerging in Britain. Although their presence is unlikely to set the City alight, the eventual consequences of their appearance could be profound. For more and more companies are now adopting the trend towards offering shares to their employees, following the impetus given by last year's Finance Act.

Now that the move has got under way, however, there is a growing feeling that more could be done. At present, employees may receive up to £500 worth of shares in any one year, but they only qualify for full income tax relief if they are sold after 10 years. If disposed of between five and seven years after being received, the shares attract tax on half of their value; this comes down to a quarter for sales made between seven and 10 years.

Mr. Nicholas Goodison, chairman of the Stock Exchange, is one who would like to see an extension of the provisions in the Act, which took effect from April this year. He is fond of the phrase "people's capitalism" and hopeful that widening the circle of share ownership to a greater number of employees could do much to counter the "anti-business ethos" that he feels has surrounded UK industry since the last century.

The Stock Exchange has, therefore, proposed to the Chancellor, Sir Geoffrey Howe, that the share allocation limit be raised to £2,500 a year, thus going some way further than the often expressed view that the figure should be doubled to £1,000. It has also requested that the time limit for share sales to escape full income tax be halved to five years.

Answering a question in the Commons yesterday, Mr. Peter Rees, Minister of State at the Treasury, said the Government intended to encourage employee share ownership and ensure that its tax policies provided the incentive to save.

Since the Conservative Government's manifesto included a firm pledge to "expand and build on existing schemes for employee share ownership," there is reason to believe that some further steps will be taken. "I think this Government will want to see the extension of ownership in industry," says Mr. Goodison.

Mrs. Thatcher, has been a supporter of company shares for employees for some time. Four months ago, in the House of Commons, she stated: "It is our wish that people who work in industry, whether public or private, should make more strides in being real capital owners themselves."

Coolly aloof

So far, around 170 companies have applied to the Inland Revenue for permission to implement their own share schemes under the 1978 Act. Over 50 of these have had their schemes approved, and new applications are now running at about five a week.

Many of Britain's leading companies have climbed aboard the employee share bandwagon in the past few months, but some remain coolly aloof. Redland, the maker of building materials, is one group that still needs more persuading of the benefits to be obtained before it goes ahead with such a scheme.

Redland's scepticism arises not only from the actual limitations on the sum of shares involved and the time within which they may be sold, but also from the absence of any special provision for a corresponding payment by the workers themselves.

"We like mutuality," says Mr. Colin Corness, the chairman of Redland. Having looked at the possibility of setting up a scheme under the 1978 Act, which was agreed by all three political parties he and his Board decided that "it didn't really engender any effort or contribution from the employee."

So Redland, which already operates an own-as-you-earn scheme combining savings and options on share purchases, wrote a letter to the Chancellor this April setting out what it thought should be done. Apart from a brief acknowledgement, Redland has so far had no indication as to whether its suggestions are being considered.

Signed by Redland's finance director, Mr. Anthony Hichens, the letter began by welcoming the idea of wider share ownership and significant tax incentives. "In principle," it went on, "we would be glad to introduce such a scheme, but the cost involved, at a level of profit sharing which would be material in the context of today's salaries and wages, would add very substantially to our total employment costs."

Thus, the company added: "We should feel far more attracted to such a scheme if we and the employee contributed a matching amount." It suggested that the part of the Act dealing with shares for employees be amended to allow income tax concessions to apply equally to contributions from both sides.

Redland's own scheme allows its employees to save between £4 and £20 a month over five years, at the end of which they can either buy shares in the company at the price ruling at the start of this period, or take back their payments along with a tax-free lump sum from the Department for National Savings.

Around 5,000 employees were eligible to take part in the scheme, of which just over 1,400 have done so. The group is reasonably happy with this near 30 per cent response—"we were advised that a 15 per cent acceptance rate would have been good." Redland preceded its scheme with an intensive communications programme at its sites around the country, and believes that this was significant in encouraging a high level of participation.

Under Redland's scheme, options have been granted for more than 1.2m shares out of a total of 96m. There were 2.7m shares available in the scheme for option grants, representing 2.8 per cent of the share capital. By watching the progress of Redland shares—they dipped earlier this year when it was stated that trading had got off to a poor start—people in the company learn, says Mr. Corness, "that the Stock Exchange can be a fairly fickle animal and has a short memory."

Apart from taking more notice of swings in the share price, Mr. Corness believes that share-owning employees will also gain a closer awareness of what causes them. "Here is a group of people whose minds are now alerted to the relationship between the company's performance and the share price." Since the scheme only began in 1977, however, it remains to be seen how many of the share options will eventually be taken up: the company accepts that a large amount may quickly be sold. Redland's interest in making shares available for employees was stimulated to a large extent by the experience of its 56 per cent-owned West German subsidiary, Braas und Co. Long-standing employees of this company may buy up to four shares each with a value of DM 1,000 (£238) for only DM 200.

No voting rights

Over 90 per cent of the 640 Braas employees able to take part—the total workforce is 3,600—did so, according to Dr. Kurt Ruths, the managing director. This gives them an entitlement to regular distributions, but no voting rights.

Dr. Ruths feels that the German government will, whatever its political complexion, introduce some form of compulsory profit scheme for employees in the next four or five years. Its own scheme, which is in line with the tradition of greater management-worker communication in post-war Germany, was partly introduced in order to pre-empt any such action. "We want to set the pace," he says. "We wouldn't like to sit back and be dictated to."

Having begun to embrace the concept of shares for employees, how much further are British companies prepared to go? Dr George Copeman, deputy chairman of the Wider Share Ownership Council and one who has been deeply involved in employee share schemes, thinks that the sheer competitive nature of industry will ensure that the pace is maintained.

While accepting that the law could be amplified, he is not really in favour of allowing for matching employee contributions. These, he feels, could be discriminatory, since the lower paid would only be able to take part in a very small way, or not at all. "There's nothing wrong with the structure of the Act—it opens up chances for worker participation in capitalism."

At a rough estimate, fewer than 4 per cent of Britain's adult population own shares compared with about 12 per cent in the U.S. Enthusiastic proponents of UK share schemes for employees look forward to a ripple effect, with the immediate benefits leading to a greater awareness of what makes industry tick. Mr. Goodison, for instance, sees no reason why there should not also be incentives for people to hold shares in companies where they do not work. Also uncovered by last year's legislation are the state-owned companies.

"It's productivity not profit we're talking about," he says. It is still a wide open question, however, whether employees will fully grasp the significance of owning shares in their companies, or merely regard them as a useful hand-out.

ILLINGWORTH, MORRIS

BY RHYS DAVID, Textiles Correspondent

A medicinal dose of Hollywood glamour for British textiles

YORKSHIRE'S MILLS and the supposedly gritty personalities who run them have long been the source of good material for drama, hut it is unusual to find the actors deciding they want to play the parts for real.

This is what seems to have happened, however, at Illingworth, Morris (IM), Britain's biggest wool textile group, which owns a host of leading worsted cloth brand names, familiar to top business executives from Tokyo to Texas.

Mrs. Pamela Mason, ex-wife of James Mason and a Hollywood television personality in her own right, is the higgest shareholder in the group and her actress daughter Portland stood in at the recent annual meeting for brother Morgan who has been one of the directors since 1976, though he has proved to be an infrequent attender at board meetings. A friend of Mrs. Masoo, Mr. Thomas Yeardye, a British-born American business executive, has also joined the board. Mrs. Mason took the opportunity of the annual meeting to replace auditors Price, Waterhouse, with Peat Marwick and to appoint new hrokers Joseph Sebag, and new mercbant bankers Hill, Samuel.

Hugh Routledge

Mrs. Pamela Mason—she has firm ideas on what's good for Illingworth, Morris. She brought in Ivan Hill (right) as executive chairman.

IM's link with the entertainment world goes back to before the war. The more direct interest which Mrs. Mason and her associates are now taking in the group stems from its poor trading performance in the last three years and in particular its latest forecast results. Mrs. Mason inherited a dominant 46 per cent stake in the group in 1976.

Control of the company was acquired almost by accident between the wars by two merchant banking brothers, Maurice and Isidore Ostrer, whose interests also included the Gaumont cinema organisation. The two brothers who spent at least half of each year in the South of France (while remaining British residents for tax purposes) died within three months of each other in 1976 and their shareholding passed principally to Mrs. Mason, although other branches of the Ostrer family members also have an Interest.

Her first move was to invite back as executive chairman Mr. Ivan Hill, a former deputy chairman who had left the group after the plans he had put forward for major streamlining had been repeatedly turned aside by the Ostrer brothers.

The plans were designed to introduce some order into the Yorkshire-based group which had been continually expanded hy the Ostrers through a series of acquisitions. These had taken it into Scotland and the West of England—the other two main wool textile areas—into Lancashire textiles (Joshua Hoyle) and more deeply into the Yorkshire woollen and worsted trade. In order not to dilute their shareholdings the Ostrers had financed their purchases, including tha huying of strategic stakes in a numher of rival businesses, with hank borrowings, leaving I.M. with dehts which for most of the past decade have varied between £20m and £25m—not far short of total shareholders' funds.

The aim of Mr. Hill's strategy since his return has been to weld a loose association of companies into a cohesive whole, better ahle to react to the often quickly changing demands of the market-place. This has involved a numher of mill closures, reductions in the large number of different yarns, and cloths which the company offered, a new top management structure, and much tighter financial disciplines on subsidiaries.

The strategy was beginning to show some signs of success but evidently to the concern of Mrs. Mason It has this year heen overtaken by the sbarp deterioration in wool textile trading conditions. IM profits pre-tax rose from £2.9m in the year ended March, 1977 to £4.7m in 1978 only to fall back to £3.36m in 1979. Partly as a result of reorganisation costs, including redundancy payments, the group is expecting a loss of £1m for its first half this year.

All this was enough to persuade Mrs. Mason that she needed a stronger presence on the board which she will now obtain through Mr. Yeardye who is being given responsibility for international operations and is likely to devote much of his time to building up IM sales on the West Coast of the U.S. (Mrs. Mason's son Morgan is a member of Mr. Ronald Reagan's presidential campaign team and it is hoped this link will bear fruit, too, if the former Californian Governor reaches the White House.)

Other measures

Mrs. Mason's rather dramatic intervention follows other measures taken by the board earlier this year to hasten the rationalisation process set in motion by Mr Hill. His original re-organisation of the group into four divisions each headed by a group managing director has been scrapped. Raw material purchasing, and combing and spinning — previously two separate activities — have now been placed under the control of Mr. Donald Hanson, and hoth worsteds and woollens under Mr. Peter Hardy. Mr. John Tanner, the former joint managing director in charge of worsteds, has left the group and Mr. John Hopkinson, previously joint M.D. in charge of raw materials has been given a special assignment at Salts of Saltaire the group's headquarters complex where efforts are being made to rationalise production within the 1m sq ft mill complex created in the mid-nineteenth century by Sir Titus Salt.

Mill closures have also been hrought forward and employment at just under 9,000 is now down by over 1,000 on 1976. The group has also sold off its strategic holding in two companies, British Mohair Spinners and Yorkshire Fine Woollen Spinners, leaving it only with two major trade investments, Hield Brothers and Cawdaw.

Substantial re-organisation has also taken place in the last 12 months in combing and top-making in a bid to reduce over-capacity and this is expected to improve profitability. Investment has taken place in cotton activities in a bid to improve the efficiency of the Joshua Hoyle operation and the company has also spent money on its non-apparel woollen activities in the West of England. IM has a major stake in the great growth in leisure activities as a supplier of tennis ball covers and green baize for snooker, pool and gaming tables.

Whether these various changes can help the group to pull itself around will depend on the state of trade worldwide, and in Yorkshire at present there is probably more concern over prospects than for a very long time. The trade unions representing the 52,000 production workers in the industry recently pointed to a likely 6,000 drop in numbers employed in the seven months from May to December this year. Employment has already fallen by more than 8,000 in the last three years.

Fibre consumption by the wool textile industry was down 4 per cent in the first seven months of this year compared with the same period last year and production of tops showed an 11 per cent fall. Worsted yarn production was down 7 per cent, and there was a small fall too in the delivery of woven fabrics. The only increases in output were in semi-worsted yarns, of which the carpet industry is a major user, and woollen yarns which are benefiting from a fashion swing away from worsted cloth.

The present period is generally a quiet time for wool textiles, which is normally busier in spring and summer in anticipation of winter trade.

The problems now affecting the industry, which with sales overseas of more than £400m a year remains one of Britain's most important export earners, have more than one cause and solutions as a result are unlikely to be easy to find. At the early processing stage, top-making, there is now growing pressure from the wool-growing countries which want to be able to process their own raw materials before shipment to Europe. South African wool top imports doubled last year and the South American countries have also stepped up their exports substantially. Although some restrictions have been introduced under the GATT Multifibre Arrangement the trend is clearly going to be towards less wool and more wooltop imports.

The industry is also facing growing competition in the domestic UK market in yarns and fabric from Continental suppliers which have been suffering like their UK counterparts from weak demand worldwide, particularly for worsted cloth. The upsurge in demand for woollen cloth has benefited mainly the Italians whose large and sophisticated industry based on the town of Prato now has a dominant position in the woollen trade in Europe. Imports into the UK of woollen cloth (much of it made from recycled wool) rose last year by 60 per cent, with Italy accounting for the bulk of supplies.

The growth in demand which the Italians have been meeting is part of a general trend towards more casual clothing. Sales of men's suits—traditionally a worsted product—have fallen from 7.3m in 1975 (and 10m at the start of the decade) to 5.4m last year. Tha impact of this decline on UK worsted producers has been made even more serious by the growth io imported suits from Eastern Europe and from the EEC. Last year nearly 40 per cent of all suits sold in the UK came from overseas.

The problems in export markets have been equally difficult, with the UK now facing competition from a number of new suppliers as well as from traditional competitors in Europe and Japan. Margins have been pared too by the rise in the value of sterling. Export sales of woollens in the first half of this year were actually slightly ahead of the same period last year at 14.4m sq metres but worsted sales at 7.9m sq metres were down from the figure of 10.2m sq metres a year earlier. The bulk of this decline was accounted for hy the loss of the Iranian market, where a major order for uniform cloth was delivered in 1978.

The break IM now needs is some sign that the market for worsteds is about to pick up again, and this may appear at the next half-yearly Interstoff international fabric exhibition due to be held in Frankfurt in November. There are some bopes, too, that sales in Japan, a very important market for UK wool textiles, may continue their present recovery. Sales of worsteds to Japan rose in the first six months from 1.498m sq metres to 2.147m sq metres and woollen sales were also up from 1.478m to 1.847m sq matres.

Mrs. Mason is also hoping for a hig increase in sales to the U.S. which she helieves has been neglected in favour of the Middle East. But although improved results may be possible in areas such as the West Coast where IM has not been strong, the main problem in the U.S. has been high tariff levels of around 50 per cent on wool textile imports. These are being reduced by 25 per cent under the GATT Tokyo Round but only over an eight year period and they will remain even then at more than 30 per cent.

Some outside observers now believe that more drastic pruning will be required at IM though the high cost of reduodancies makes this an expensive option. Some of the more peripheral activities such as denim manufacture and clothing could be vulnerable and further contraction of worsted operations is also likely if the market remains weak.

Banks' attitude

Mrs. Mason's nltimate intentions for her shareholding remain a matter for speculation, though in the short term her best interests will be served by a strong improvement in their performance. At the current level of indebtedness, and given present trading difficulties, the list of companies or institutions which might sea merit in taking a stake in IM if the shares were on offer is likely to be fairly limited.

The attitude of the banks too is crucial. Most of the company's debt—currently £21m—is with the hig UK clearers in the form of overdrafts which could be called in, bnt having lived for so long with the situation the banks have a strong incentive to do very little as long as interest charges are met.

All eyes will now be on the size of the loss that is reported in December and on the company's forecasts for the following six months. At present, however, it looks as though all the parties have very little option other than to soldier on.

UK NEWS

GKN stocktaking stimulates world activities

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE announcemen this week that GKN is talking to Armstrong Equipment about the sale of GKN's loss-making bolt factory at Darlaston in the Midlands shows that some companies still see a future in the UK for manufacturing certain basic products.

Essential to Armstroog's plans, bowever, *is that* it is able to buy industrial assets cheaply. No price has heen mentioneri by the parties, but judging from earlier negotiations between the companies over Firth Cleveland, also in the industrial fasteners husiness, it is helow net asset value.

GKN announced its decision to close Darlaston early in September. With the closure of a Pembroke factory, and the sale of another in Manchester, it amounted to the withdrawal from boltmaking by GKN. The closures meant a loss of about 1,000 jobs. Some will be saved *if the Armstrong deal* goes throngh.

GKN remains one of the leading manufacturers of industrial fasteners in the UK. It continues to make a broad range of products, including wood screws, machine screws, rivets, books and eyes, plastic fasteners, and specialist fasteners for the motor industry.

These products have not proved to be as vulnerable to the competition of cheap imports from the Far East and Eastern Europe. GKN bopes that by improving on its techoology for fasteners—such as the *revolutionary Supadrive* screw—it can make the sort of return on fasteners which will justify the continuation in this activity.

It seems that the bulk of GKN's rationalisation in this area bas been completed.

GKN is the biggest engineering group in Britain. Two and a balf years ago it decided to take stock of its buge and varied interests. The result was that it drew up a programme to rationalise its existing interests, and identified areas for expansion.

Basically the programme sorted those activities where GKN could see little prospect of growth, and where it might have to cootinue pumping in money yet still be uncertain of the outcome.

These companies' interests—at the start of the programme about 120 different businesses in GKN had been identified—were, for obvious reasons, not publicly announced.

The rationalisation of the industrial fasteners division, however, has been an obvious example. Subsidiaries in other activities will almost certainly be sold off in future, and if buyers fail to materialise closure is likely to follow.

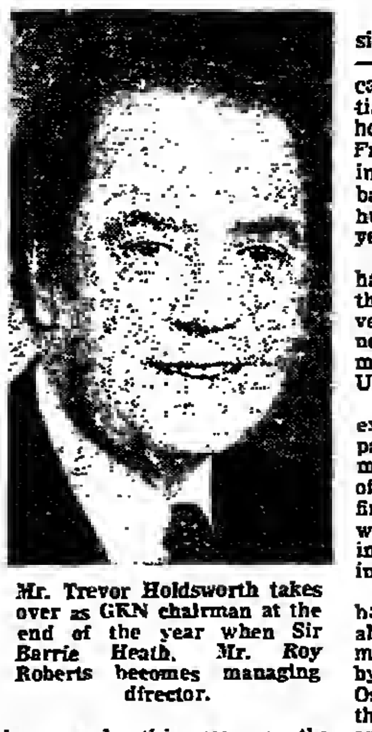
Other areas, such as steelmaking, were designated in the "on going support" category. This means that they are expected to maintain their market share, but in the light of current market conditions cannot be expected to improve very much *on that position.*

Most important, bowever, was the identification of those activities which it was decided had *definite growth potential.* Broadly speaking these are motor components and distribution. The latter includes distributing motor *spares*, industrial products—including fasteners—and bardware and gardening/leisure products, at wholesale and *retail* levels. GKN is already the largest independent steel stockholder in Europe.

Growth on all these fronts will be both internal and by acquisition, in this country and overseas.

Considerable progress has been made this year in the direction that GKN has set for itself. The half year results showed that the programme was beginning to pay, although the final outrome for the year must obviously show the effects of the engineering dispute in August and September.

GKN does not intend to put a figure on the rost to the group at this stage.



Mr. Trevor Holdsworth takes over as GKN chairman at the end of the year when Sir Barrie Heath. Mr. Roy Roberts becomes managing director.

The most significant expansion bas been in motor spares—*the after market* as it is called. When the Unigep negotiations are concluded—it is hoped they will be given French Government approval in the next month—GKN will bave increased this part of its business fivefold in just one year.

This market is believed to have considerable potential on the Continent, although the vehicle manufacturers have now a much bigger share of the market for parts than in the UK.

The British market could also expand significantly for companies like GKN if the Government decides to act on the hasis of the Price Commission report finally published last week, which calls for a greater "freeing" of the spares business for independent distributors.

In industrial product and hardware distribution, GKN already bas a fair slice of the market, which was strengthened by its acquisition of Steru Osmat last year. The focus therefore is likely to be on greater internal expansion.

In employment terms for the UK, the GKN programme has not been good news. The workforce has already been cut back by around 5,000 over the past two years, and further rationalisation will lead to the loss of more jobs. For the worldwide vitality of the group, however, it has clearly hrought much-needed stimulus.

Timetable of rationalisation

February: Bid for Parts Industries Corporation, a major distributor in the automotive after market. The deal was completed in May.

May: £40m bid for Sheepbridge Engineering, expanding both parts distribution and engine components manufacture. (Finalised August.)

June: £46.8m raised from sale of stake in Lysaght, Australian sheet steel manufacturers.

July: Plan announced to build second components plant in U.S., making constant velocity joints, which have big sales potential in American motor industry's increasing emphasis on front-wheel drive cars.

August: Talks with Armstrong Equipment announced, for the £14m purchase of Armstrong's wholesale and retail automotive parts distribution. (Recently completed.) Sale of Firth Cleveland to Armstrong for £2.1m.

September: Negotiations with Unilever announced for purchase of stake in Unigep, French distributor of automotive and industrial components. Closure plans for fastener factories at Darlaston and Pembroke announced.

October: Talks with Armstrong on possible purchase of Darlaston.

Reed International Limited

Consolidated Profit Statement for the 6 months ended 30th September 1979

3 Months Ended 30.9.78	3 Months Ended 30.9.79		6 Months Ended 30.9.79	6 Months Ended 30.9.78
£ million (unaudited)			£ million (unaudited)	
426.3	356.4	SALES	728.1	824.2
233.9	266.2	United Kingdom and Exports	532.8	469.9
192.4	90.2	Overseas	195.3	354.3
24.1	25.2	TRADING PROFIT	55.3	53.2
2.1	1.2	SHARE OF PROFITS OF ASSOCIATED COMPANIES	1.7	3.2
26.2	26.4	OPERATING PROFIT	57.0	56.4
12.5	16.7	United Kingdom	38.4	35.1
13.7	9.7	Overseas	18.6	21.3
(7.6)	(2.8)	INTEREST	(6.9)	(16.3)
18.6	23.6	PROFIT BEFORE TAXATION	50.1	40.1
(9.1)	(8.4)	TAXATION	(16.7)	(19.5)
(3.9)	(6.0)	United Kingdom	(12.5)	(11.0)
(5.2)	(2.4)	Overseas	(4.2)	(8.5)
9.5	15.2	PROFIT AFTER TAXATION	33.4	20.6
(1.9)	(0.4)	OUTSIDE SHAREHOLDERS' INTERESTS	(0.7)	(3.1)
7.6	14.8	PROFIT ATTRIBUTABLE TO SHAREHOLDERS	32.7	17.5
		EARNINGS PER ORDINARY SHARE OF £1		
6.8p	13.2p	... for 3 months ended 30th September		
		for 6 months ended 30th September	29.2p	15.6p
		for 12 months ended 31st March 1979		38.0p

As announced in the 1978/79 Annual Report, it is intended to consolidate the results of overseas subsidiaries to a common year-end date with that of the UK companies for the accounting period to 31st March 1980 and thereafter. It should be noted that:—

1. United Kingdom operating profit for the six months to 30th September 1978 was stated after charging a provision of £5.2m in respect of the costs of divestment of South African operations. This provision was re-classified as an extraordinary item in reporting the results for the full year ended 31st March 1979.
2. In 1979 the overseas results are consolidated on a co-terminal basis for the six months to 30th September 1979. In the comparative figures for the previous year the overseas results were for the six months period to 30th June 1978.
3. Overseas results for January to March 1979 are not reported above but will be included with the results for the year to 31st March 1980. For information they totalled: Sales £94m and Profit Attributable to Shareholders £4m.
4. Taxation has been calculated on the basis of SSAP15 and 1978 figures have been restated.

Profit before taxation for the six months ended 30th September 1979 rose to £50.1m compared with £40.1m for the same period last year.

The industrial problems of the summer did not seriously affect the profits of the United Kingdom operations. After excluding the effect of exceptional provisions United Kingdom operating profit was slightly ahead of last year's performance.

Operating profits of the overseas building and home improvement activities were substantially better than those for the comparable period last year. Strong markets for pulp and paper and the low value of the Canadian dollar assisted the continued recovery of Reed Paper in Canada which reported operating profits of £11m for the six months to 30th September 1979 compared with £0.8m for the six months ended 30th June 1978. The investments in Australia, British Columbia and South Africa sold during 1978 contributed £13.4m of the overseas operating profit of £21.3m earned in the six months ended 30th June 1978.

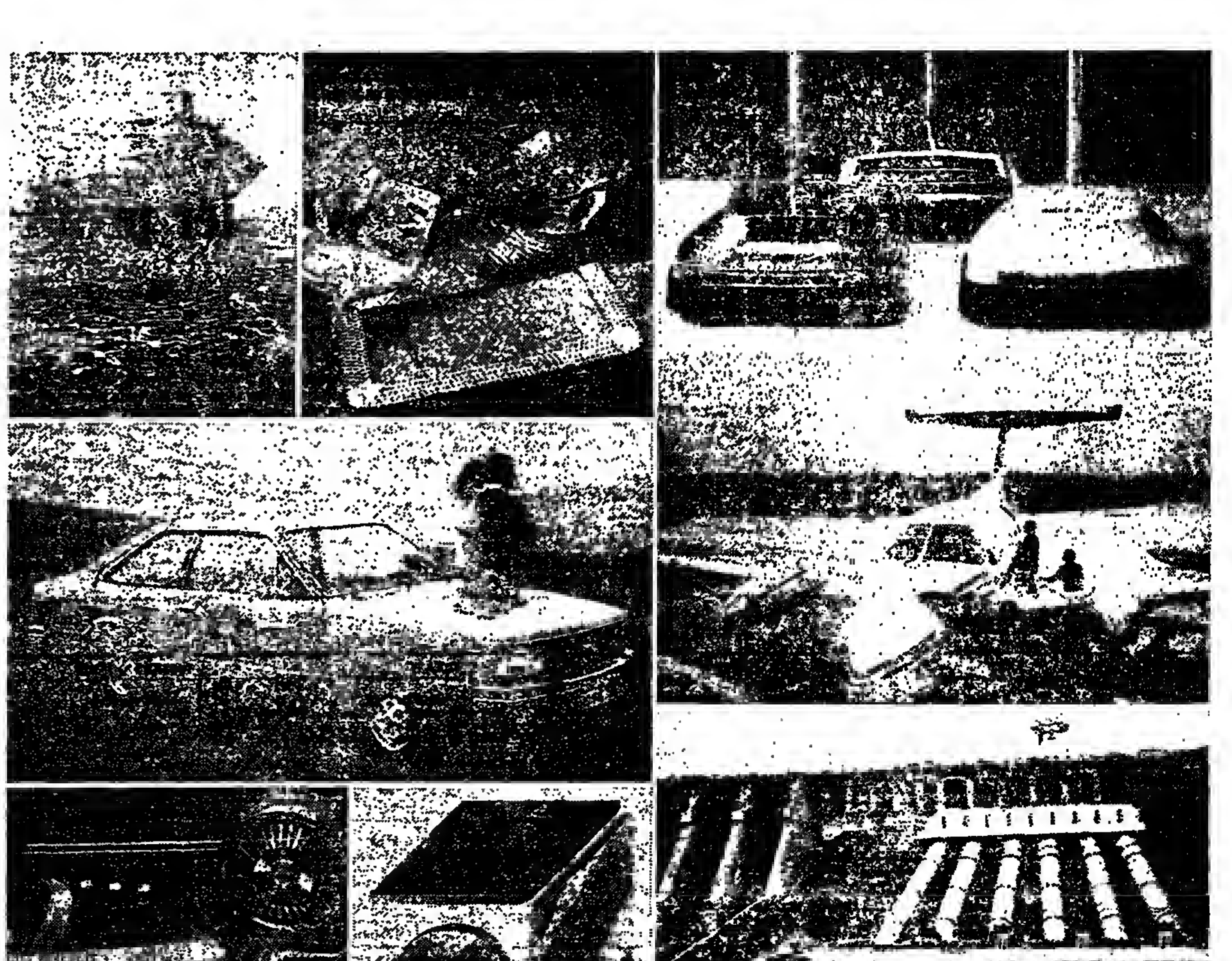
The restructuring of the Company over the last two years has contributed to the considerable reduction in the interest charge compared with the position a year ago. Taxation fell to 33% of profits before taxation compared with 49% last year. Whereas the United Kingdom tax charge is at normal levels overseas tax reflects the profit recovery in North America and the consequential ability to utilise losses arising in earlier years.

Profit attributable to shareholders of Reed International was £32.7m compared with £17.5m a year ago. On the basis of current cost accounts profit attributable to Reed International shareholders amounted to approximately £13m compared with £3m a year ago.

Earnings per share for the first six months amounted to 29.2p. The high proportion of this (7.3p) which derives from the Company's interest in Reed Paper is a result of the combination of good trading results and a very low tax charge in Canada.

The Board have declared an interim dividend of 4p per share compared with the interim dividend of 3p per share paid last year. The interim dividend will be paid on 8th January 1980 to shareholders on the register on 21st November 1979.

REED INTERNATIONAL LIMITED REED HOUSE PICCADILLY LONDON W1A 1EJ



INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Warner and Swasey rejects $198m bid

By Our Financial Staff

WARNER AND SWASEY, the U.S. machine tools manufacturer, has rejected a $57 per share offer from Amca International, a unit of Dominion Bridge, the Canadian metal products group. The takeover bid for the 3.48m Warner and Swasey shares is worth $198m and has been described as inadequate by the board.

The company is to request a hearing under the Ohio takeover Act before the Ohio Division of Securities whereas Amca has asked the Federal District Court in Columbus to "enjoin application of the Ohio law."

Amca has indicated that it will proceed with the offer. Mr. W. R. Holland, senior vice-president administration of Dominion Bridge, said that Warner and Swasey's rejection "doesn't change our offer in any way."

Searle may sell division to Siemens

By Stewart Fleming in New York

G. D. SEARLE, the leading U.S. producer of ethical drugs, may sell its domestic and international nuclear medicine and ultrasound business to West Germany's major electrical company, Siemens.

A spokesman for Searle said that the businesses which it was considering selling to Siemens — the company's diagnostics division — had total sales revenues last year of $77m and incurred a net loss of $14m.

The division comprises essentially two businesses, a radiographics operation and an ultrasound testing operation with 37 regional sales and service offices in the U.S. as well as offices in Europe, employing approximately 1,000 people.

The tentative move by Siemens—a company spokesman described the talks as preliminary—reflects the group's continuing efforts to seek overseas outlets for its medical engineering products, which have hit on hard times in Germany, writes Roger Boyes in Bonn.

After extremely rapid growth in the early 1970s, new orders have been marking time at the DM 2bn level for the past two years. Sales rose from DM 2.1bn in 1977 to DM 2.2bn in 1978.

Siemens' particular interests—complemented by G. D. Searle—is in mobile X-rays, in computer tomography, which makes it possible to track pathological changes in internal organs and tissues, and in linear accelerators for the treatment of cancer.

Linear accelerators are already being built at a Siemens plant in Massachusetts.

But the group clearly feels that further direct investment in the U.S. could pay off at a time when the weak dollar is causing competitive problems for Deutsche-Mark priced exports to America.

Weak coal demand holds back Pittston's recovery

BY OUR FINANCIAL STAFF

A CONTINUING weakness in the metallurgical and steam coal markets is continuing to hold back earnings at Pittston Company, whose range also includes oil distribution, trucking and warehousing. The company is looking for an improvement in market sales in both sectors next year.

Earlier, the company reported net profits of $8.59m or 23 cents a share for the third quarter compared with a loss of $8.79m or a share loss of 23 cents for the comparable quarter last year on sales which advanced 33 per cent to $328.3m.

Over the nine months, net profit rose to $47.65m or $1.27 a share compared with a loss of $8.40m or a share loss of 22 cents. Sales increased to $1.19bn against $913.3m for the like period last year. The comparable period last year was hurt by the strike of the United Mine Workers which halted coal production for virtually the whole of the first quarter.

The Connecticut-based company also reports an extraordinary net gain of 22 cents a share in the nine months net, without going into details of how the gain arose.

In June this year Pittston entered into a contract to deliver 3.5m long tons of metallurgical coal to Japanese steelmakers in the Japanese fiscal year ending April 1, 1980, and 4m long tons during fiscal 1981. This compares with a commitment to deliver 3.5m long tons during fiscal 1979, but it is believed Pittston is accepting a price lower than it received fiscal 1978.

Liggett income almost doubled

BY OUR FINANCIAL STAFF

LOWER PROMOTIONAL costs helped Liggett Group, the diversified manufacturer, to raise its net income from cigarettes in the third quarter, despite lower sales. Net earnings advanced by 96 per cent to $27.1m for the third quarter from $13.8m for the like period last year. Per share earnings rose to $3.17 against $1.53. Sales pushed ahead 20 per cent.

Both third quarter and nine months net includes a $6.3m tax credit or 89 cents a share from the sale of Perk pet foods, a $2.4m after-tax gain or 28 cents a share from the sale of a foreign investment and a $3.6m after-tax charge for the relocation of corporate headquarters.

For the nine months net earnings rose only 4 per cent to $47.0m or $5.46 a share on sales up 10.5 per cent to $806m.

Second quarter net earnings of the cigarettes (including the Chesterfield brand), tobacco, drinks and pet food concerns were adversely affected by an after-tax charge of $3.6m or 42 cents a share related to consolidation of the group's domestic cigarette operations.

The 1978 nine months net results included a $17.3m or $1.93 a share write-off of goodwill.

No brake yet on corporate borrowing

By David Lascelles in New York

HIGH INTEREST rates do not appear to have scared corporate borrowers away from the bond markets as much as might have been expected. In fact total prospective financing in both the bond and equity markets is currently running at nearly double last year's levels.

In a survey of corporate financing intentions, the New York Conference Board reports that many major corporations intend to increase their use of the bond market to meet their financing needs in the next 12 months.

Polling the senior financial executives of major non-financial organisations, the Board found that over 40 per cent of those expecting to use external funding will increase their use of bond issues by 10 per cent or more.

The survey was conducted shortly before the Fed's recent credit package which pushed interest rates up to record levels. Mr. Vincent Massaro, director of the survey, commented yesterday that this might have put some potential borrowers off the bond markets. But he believed many corporations still thought inflation and interest rates would remain high, possibly until 1981, and that this would prompt them to go ahead with their long term financing plans.

The survey's findings did not come as a surprise to the bond markets, where interest rates have edged steadily higher in recent days, partly in anticipation of heavy corporate borrowing demand due to the economy's continuing buoyancy.

Mr. Richard S. Davies, director of bond research at First Boston, the Wall Street securities house, said yesterday that while there had been a lull in new issues since the Fed's package on October 6, he expected the pace to pick up again early next year.

This would appear to be borne out by the financing calendar put out by Moody's, the bond research firm.

Total prospective financing, as of October 29, stood at $15.6bn. This is nearly double the $8.1bn at the same time last yea

CANADIAN NEWS

Kemp raises stake in Cadillac Fairview

BY ROBERT GIBBENS IN MONTREAL

KEMP INVESTMENTS, the main Canadian holding company of the family of the late Samuel Bronfman and of the Seagram distilling empire, has bought a further 800,000 shares of Cadillac Fairview Corporation on the stock market. This raises its total holding to nearly 36 per cent from 33 per cent.

Kemp would not reveal the price at which the shares were bought, and would not say whether more shares will be acquired. However, there is speculation that the Bronfman family will increase its holdings. Cadillac is a major real estate developer in Canada and the U.S. and one of the few with a public quotation.

Dominion Foundries and Steel, Canada's second largest steel company, earned C$36.2m or C$2.09 a share in the third quarter, against C$23.6m or C$1.34 a year earlier on sales of C$351m against C$285m.

The nine months earnings total was C$101.9m or C$5.87 a share against C$64.7m or C$3.66, on sales of C$1.08bn against C$793m. The company specialises in sheet products.

Dupont Canada, the major textile fibre and chemicals group, earned C$18.4m or C$2.32 a share in the third quarter against C$1.9m or 24 cents a year earlier, on revenue of C$229m against C$154m. The surge in earnings was attributed to better cost control, higher selling prices and higher value.

For the first nine months, earnings were C$40.5m or C$5.11 a share against C$8.3m or C$1.04 on revenue of C$647m against C$476m.

B.C. Forest Products has announced third quarter net earnings up from $16.3m or $1.09 a share to $21.9m or $1.44. At the nine month stage, earnings now show a gain from $46m or $3.82 a share to $70.5m or $4.63. Sales figures were not disclosed.

RESULTS IN BRIEF

Sharp increase in Foster Wheeler profit

BY OUR FINANCIAL STAFF

SHARPLY HIGHER third-quarter profits are announced by Foster Wheeler, the steam generating equipment group. Earnings advanced from $9.83m or 60 cents a share to $13.2m or 79 cents a share. This lifted nine-months profits from $29.8m to $26m, or from $1.82 to $2.15.

El Paso, the oil and gas pipelines group, turned in nine-month earnings of $110.42m or $2.40 a share, compared with $71.53m or $1.61 from continuing operations in the same period of 1978. The previous year's figures are before allowing for a loss of $37.89m from discontinued operations. In contrast, Trans-Canada Pipelines, nine-month earnings declined from C$68.8m to C$62.8m, or from C$1.73 to C$1.56 a share.

Pabst Brewing, in line with others in its sector, had a disappointing third quarter, net earnings declining from a corresponding 33 cents to 31 cents a share.

GAF Corporation (building and chemicals) turned in 68 cents a share for the third quarter, against 59 cents from continuing operations in the corresponding 1978 period.

Dominion Bridge, the Canadian fabricated metal products group, reported nine months earnings up from $2.17 a share to $2.98 (U.S. funds) while Falconbridge Copper earned $1.92 a share for the first nine months this year compared with 72 cents a share for the same period of 1978.

Consolidated Foods has started its fiscal year on a strong note with first quarter earnings rising from last year's corresponding $27.36m to $31.46m, or from 88 cents to $1.02 a share.

Tandy, North America's largest retailer of consumer electronic products, increased first quarter earnings from $14.87m or 62 cents a share to $19.29m or 76 cents a share on sales up from $263m to $291m.

Several other companies have produced sharply higher first quarter earnings, including Richardson-Merrell (medicines), up from 53 cents to $1.30 a share, International Rectifier, 71 cents against 42 cents a share previously, Digital Equipment, $1.02 against 75 cents, and Archer Daniels Midland (soyabeans and flour mills) 70 cents compared with 29 cents a share previously.

AMERICAN QUARTERLIES

ARMSTRONG CORK

	1979	1978
Third quarter	$	$
Revenue	341.3m	312.1m
Net profits	18.34m	13.33m
Net per share	0.72	0.57
Nine Months		
Revenue	1.01bn	931.3m
Net profits	53.31m	45.48m
Net per share	2.07	1.87

BORDEN

	1979	1978
Third quarter	$	$
Revenue	1.09bn	941.2m
Net profits	38m	34.9m
Net per share	1.22	1.12
Nine Months		
Revenue	3.17bn	2.80bn
Net profits	102.5m	102.6m
Net per share	3.30	3.30

DOMINION FOUNDRIES AND STEEL

	1979	1978
Third quarter	C$	C$
Revenue	351.3m	285m
Net profits	33.2m	21.1m
Net per share	2.09	1.34
Nine Months		
Revenue	1.08bn	793.1m
Net profits	93.2m	57.7m
Net per share	5.87	3.66

FABERGE

	1979	1978
Third quarter	$	$
Revenue	91.51m	85.35m
Net profits	3.27m	2.98m
Net per share	0.59	0.54
Nine Months		
Revenue	180.09m	168.49m
Net profits	5.94m	5.86m
Net per share	1.07	1.06

FOXBORO

	1979	1978
Third quarter	$	$
Revenue	112.5m	87m
Net profits	9.16m	8.37m
Net per share	1.11	1.02
Nine Months		
Revenue	340.1m	284.1m
Net Profits	26.49m	22.57m
Net per share	3.20	2.75

GENERAL PUBLIC UTILITIES

	1979	1978
Third quarter	$	$
Revenue	1.1bn	987.3m
Net profits	81.3m	103.9m
Net per share	1.33	1.73
Twelve Months		
Revenue	1.3bn	1.3bn
Net profits	115.2m	138.9m
Net per share	1.90	2.32

HOBART

	1979	1978
Third quarter	$	$
Revenue	148.4m	127.1m
Net profits	5.8m	6.68m
Net per share	0.51	0.50
Nine Months		
Revenue	457.9m	386.7m
Net profits	21m	18.4m
Net per share	1.84	1.62

KERR-McGEE

	1979	1978
Third quarter	$	$
Revenue	679.8m	523.6m
Net profits	42.59m	34.18m
Net per share	1.64	1.32
Nine Months		
Revenue	1.93bn	1.53bn
Net profits	118.62m	78.17m
Net per share	4.62	3.02

McGRAW-EDISON

	1979	1978
Third quarter	$	$
Revenue	438.9m	276.4m
Net profits	16.48m	15.15m
Net per share	1.01	0.82
Nine Months		
Revenue	1.1bn	862.8m
Net profits	52.02m	50.85m
Net per share	3.17	3.10

PAINE WEBBER

	1979	1978
Fourth Quarter	$	$
Revenue	145.1m	121.4m
Net profits	5.86m	8.07m
Net per share	1.01	1.05
Twelve Months		
Revenue	508.8m	384.1m
Net profits	13.8m	12.75m
Net per share	2.24	2.05

PIONEER CORPORATION

	1979	1978
Third quarter	$	$
Revenue	206.1m	151m
Net profits	20.13m	8.54m
Net per share	1.09	0.46
Nine Months		
Revenue	532.2m	428m
Net profits	48.62m	29.32m
Net per share	2.55	1.58

ST. PAUL COMPANIES

	1979	1978
Third quarter	$	$
Revenue	459.4m	398.7m
Net profits	34.87m	41.34m
Net per share	1.87	1.87
Nine Months		
Revenue	1.3bn	1.12bn
Net profits	112.84m	118.42m
Net per share	5.39	8.65

TEXAS GAS TRANSMISSION

	1979	1978
Third Quarter	$	$
Revenue	401.2m	282.7m
Net profits	17.9m	11.4m
Net per share	0.84	0.54
Nine Months		
Revenue	1.19bn	870m
Net profits	52.4m	41.8m
Net per share	2.47	2.00

TIMES MIRROR

	1979	1978
Third quarter	$	$
Revenue	410.8m	352m
Net profits	42.54m	31.31m
Net per share	1.23	0.91
Nine Months		
Revenue	1.2bn	1.06bn
Net profits	109.24m	94.59m
Net per share	3.22	2.73

WHITE CONS. INDUSTRIES

	1979	1978
Third Quarter	$	$
Revenue	510.5m	406m
Net profits	14.11m	12.49m
Net per share	1.11	0.99
Nine Months		
Revenue	1.53bn	1.28bn
Net profits	43.56m	29.22m
Net per share	3.47	3.10

WILLIAMS COS.

	1979	1978
Third quarter	$	$
Revenue	442.2m	351.8m
Net profits	11.9m	1.8m
Net per share	0.44	0.07
Nine Months		
Revenue	1.39bn	1.16bn
Net profits	46m	12.8m
Net per share	1.69	0.47

INTERNATIONAL CAPITAL MARKETS

Swiss bonds decline as selling pressure builds up

BY FRANCIS GHILES

SWISS FRANC Eurobond prices registered falls of up to three points yesterday as selling pressure from abroad developed. Conversely, German dealers reported some buying interest from Switzerland for foreign Deutsche Mark bonds while some London banks said Swiss banks were buying floating rate issues where coupons have been readjusted recently.

The deterioration in the Swiss capital market has led the three major Swiss banks to reschedule the launching of all their issues. On Monday a private placement for Tauern Autobahn was postponed by Swiss Bank Corporation.

The list of bonds for prime quality borrowers, which offer yields of more than 5 per cent, is growing surely but steadily. The recent issue for Finland has shed 2 points from the 99 it was priced at last week to yield 4.879 per cent. It now yields 5.141 per cent.

At the close of its second day of trading, the issue for the World Bank yielded 5.049 per cent.

However, Union Bank of Switzerland has arranged a SwFr 30m 5½-year convertible for Marubeni Corporation, the major Japanese trading house, with a coupon of 4¼ per cent.

Meanwhile, the Deutsche Mark sector showed signs of greater stability. Trading was thin, but dealers said buying interest which had disappeared these past two weeks is back, especially from Switzerland where yields on foreign and domestic Deutsche Mark bond issues look attractive.

An example is the recent issue for the EEC, which is quoted at 97½ in the middle to yield 8.20 per cent.

In the guilder sector Centrale Rabobank is leading an issue for itself: the amount is Fl 50m for five years with an indicated coupon of 9 per cent and a final price of 99½. This bond yields 9.13 per cent, in line with prime quality paper of similar maturity, both in the domestic and foreign guilder sectors. Yields in this sector have improved by 25-40 basis points during the past two weeks.

The Federal Reserve's miscalculations of the money supply and its new policy of allowing Fed funds to move freely are making short-term interest rates in the straight dollar sector difficult to predict. Most issues were easier in quiet trading.

Floating rate notes, however, are in demand, especially issues where the coupons have been readjusted recently. In most cases, prices have not risen strongly, but dealers say that the paper is moving off managers' books and into investors' portfolios.

Sterling-denominated bonds were hit by the weakness of the UK currency yesterday and generally closed about ¼ of a point down. The GEC issue, however, lost 1⅛ of a point to 93½ to yield 13.81 per cent.

International loans near $110bn

PARIS — Total borrowing on international capital markets this year should be in the region of $110bn, on the basis of information on borrowing intentions in coming months, the Organisation for Economic Co-operation and Development (OECD) report.

This is an increase of about 10 per cent in nominal terms, from the 1978 total of $101.2bn, and thus a fall in real terms.

The OECD also argues that external financing needs can be accommodated next year, without any tightening in borrowing terms.

In its latest monthly survey of financial market trends, the OECD forecasts that in 1980, when global balance of payments deficits are likely to be slightly higher, "total new borrowing can be expected to be only slightly higher than this year, as increased recourse is likely to be made to the alternative of running down generally ample foreign exchange reserves in a number of cases."

In addition, some increased borrowing from the International Monetary Fund "is possible" next year, it states.

With the expected growth in the payments surpluses of OPEC members, "the supply of funds to the international financial markets should be more than sufficient to cover the remaining needs for external finance without a general tightening of terms taking place," the survey suggests.

The organisation says that the international financial markets will probably be affected differently by the repercussions of the recent "dramatic" anti-inflationary measures taken by the U.S.

It notes that on the international and foreign bond markets, prices fell heavily and activity was curtailed correspondingly, in reaction to the measures, while Eurodollar deposit rates rose to unprecedented levels and are likely to remain quite high for some time to come."

In contrast, it remarks, markets for medium and long-term syndicated bank lending appear to have been only moderately affected by the measures, "which may be expected to exert a mildly dampening influence on the total volume of activity without any noticeable lessening of competitivity between banks, as the international activities of foreign branches of U.S. banks remain largely untouched."

AP-DJ

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on October 30

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	84¾	85¼	−0¼	+0¼	12.77
Alex Howden XW 9½ 91	30	76	77½	−0½	−1½	13.54
Australian Res. 9¾ 84	30	91⅜	91⅞	−0½	−0¼	12.01
Avco O/S Cap. 10¾ 87	40	82	82½	−0¼	−1¾	14.20
Beneficial Fin. 9¾ 87	100	87⅞	88⅜	−0⅛	+0⅛	12.19
CECA 10¾ 81	150	87¼	87¾	0	+1	12.87
CECA 9¾ 99	125	81	81½	0	+0½	12.57
Canadian Pacific 9¾ 89	50	88⅞	89⅜	−0¼	+1	11.68
Carter Hawley 9¾ 86	50	88¾	89¼	0	+0¼	12.25
Comalco Inv. E. 10¾ 91	40	88⅜	88⅞	−0½	−0⅛	12.10
Continental Grp. 9¾ 86	100	89	89½	−0¼	−0⅛	12.03
Dome Petroleum 10 84	50	87¼	87¾	0	+0⅛	11.81
Dominion Bridge 10¾ 84	30	91⅝	92⅛	−0⅛	+1⅛	12.68
Dow Chem. O/S 9¾ 94	200	85¾	86¼	−0½	−0⅛	11.66
EIB 9⅞ 97	150	90¼	90¾	−0½	−0¼	12.16
EIB 10 99	150	88	89¼	0	+0⅛	11.78
EIB 10¾ 87	100	91⅜	91⅞	−0⅛	+0⅛	12.23
EIB 10.15 99	100	89	90½	−0¼	+0⅛	11.97
Export Dv. Cpn. 9¾ 84	100	91⅜	92¼	−0⅛	+0¼	11.71
Export Dv. Cpn. 9⅜ 84	150	92⅜	92⅞	−0⅛	+0⅛	11.29
Finland 9½ 86	100	88⅝	89⅛	−0½	+1	12.07
Finland 9¾ 89	100	86	86½	+0⅛	+0⅛	12.43
GTE Finance 9½ 84	50	88⅞	89⅜	+0⅛	+0⅞	12.76
GTE Finance 9¾ 89	55	86⅜	86⅞	−0⅛	−0⅛	12.15
General Motors 9⅜ 89	100	88⅞	89⅜	0	+0⅛	11.67
Gould Int. Fin. 9¾ 85	50	89⅞	90⅜	−0⅛	−0⅛	12.35
Hudson Bay Co. 10 94	50	88⅞	89⅜	−0½	+0⅛	11.89
ITT Antilles 9½ 89	75	87	87½	−0⅛	0	11.78
Kennecott Inl. 9½ 85	100	86	86½	+0½	0	12.68
Manitoba 9½ 89	75	87⅜	88⅜	−0½	+1	11.66
Michelin 10 94	125	87⅜	87⅞	+0½	+1⅛	11.75
Nat. Dev. Telecm. 9½ 89	100	88⅞	89⅜	0	−0⅛	11.94
New Brunswick 9¾ 94	75	85⅜	86⅛	0	+0⅛	11.80
Newfoundland 10 84	60	87⅞	88⅜	−0⅛	−0⅛	11.77
Norges Komm. 9⅞ 99	100	89	89½	+0⅛	+0⅛	11.70
Norway 9½ 84	150	92½	93	0	+0⅛	11.62
Nova Scotia Pwr. 9¾ 89	50	87½	89	+0⅛	+0⅛	11.94
Occidental Fin. 10¾ 84	50	90	90½	−0⅛	+2¼	13.17
Orient Leasing 9½ 89	25	88⅛	88⅝	0	+2⅛	12.08
Pennwalt O/S F. 9¾ 84	25	90⅝	91⅛	−0⅛	+0⅛	12.44
Pepsico Cap. 9¼ 84	100	91½	92	−0⅛	+1⅛	11.76
Quebec Hydro 10 89	75	87¾	88¼	−0⅛	+2⅛	11.95
Sears Roebuck 9 82	150	93⅜	93⅞	−0⅛	+1⅛	12.30
Statoil 9¾ 89	100	87⅜	88⅜	−0⅛	−0⅞	11.76
Stockholm 9⅞ 94	60	87⅞	88⅜	−0⅛	−1⅛	11.78
Sweden 9⅜ 89	100	88⅞	89⅜	0	−0½	11.88
Sweden 9½ 86	200	89½	90	−0⅛	+0⅛	12.18
Sweden 9¾ 84	100	92⅞	93⅜	−0¼	+0⅛	11.72
Unilever NV 9¾ 87	100	87⅜	87⅞	−0⅛	+0⅛	11.79
Warner-Lambert 9 84	100	89⅞	90⅜	0	+0⅛	11.84

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7½ 89	150	93⅞	94⅜	0	−0⅛	8.39
Asian Dev. Bk. 7¾ 89	100	93	93½	+0⅛	−1⅛	8.28
Banco Desarrollo 7¾ 86	100	91⅞	92⅜	0	+0⅛	8.92
Barclays O'seas 6¾ 89	100	93⅛	93⅝	+0⅛	0	7.73
Brazil 8 87	150	95⅞	96⅜	+0⅛	−0⅛	8.70
CECA 7 81	150	92⅞	93⅜	+0⅛	−2⅛	7.94
Council of Eur. 7¾ 89	100	95⅛	96⅛	−0⅛	−1	7.89
Denmark 5¾ 85	100	90	90½	+0⅛	−0⅛	8.06
Denmark 6½ 89	100	89⅞	90⅜	+0⅛	−2	8.03
EIB 7½ 89	200	97⅞	98⅜	+0⅛	−0½	7.76
Eletrobras-Brazil 7 87	100	93⅛	94⅛	0	−0⅛	8.12
Eurofima 6½ 89	100	94⅞	95⅜	0	−1⅛	7.26
Kobe, City of 7½ 89	150	94⅞	95⅜	+0⅛	+0⅛	7.88
Mitsubishi Chem. 6½ 84	70	94⅞	95⅜	+0⅛	−2⅛	7.89
New Zealand 7½ 87	200	95⅛	95⅝	+0⅛	+0⅛	7.91
Nippon Kokan 6½ 84	100	95⅛	95⅝	+0⅛	0	7.72
Nippon Tel. & T. 5¾ 87	100	86⅜	87⅛	0	−0⅛	7.92
Norges Komm. 7¾ 91	150	99⅜	99⅞	+0⅛	−0⅛	7.81
Norway 6⅜ 84	200	94½	95⅛	+0⅛	−2⅛	7.64
OKB 6 87	40	91½	92⅛	−0⅛	−2⅛	7.48
OKB 7½ 89	100	†97⅛	97⅝	+0⅛	+0½	7.74
Petrobras 8 89	125	†95½	96	+0⅛	−0⅛	8.67
Tokyo Elec. Pwr. 6½ 85	200	93⅜	94⅛	+0⅛	−1⅛	7.93
World Bank 7¾ 81	400	97⅛	97⅝	0	−0⅞	8.06

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	99¼	99½	−0¼	−0¼	5.58
Aumar 5 89	60	99	99½	−0⅞	−2⅛	5.10
Australia 3¾ 89	250	91⅜	92½	−2¼	−3	4.87
Bergen, City of 4¾ 91	40	95¼	96	−2¼	−5⅛	5.26
BNDE 5 89	75	91⅛	91½	−1⅛	−2⅛	9.19
BMW Overseas 4¾ 91	100	96⅞	97⅛	−1¼	−2½	4.88
Caisse Nat. Tele. 4½ 89	100	95⅞	96⅞	−2⅛	−4⅛	4.93
Canada 3¾ 89	300	93⅞	94⅛	−0¼	−1⅛	4.42
Copenhagen 4½ 91	60	97⅛	97⅜	−0⅞	−1⅛	4.78
EIB 4½ 91	100	95	95½	−0⅞	−4⅞	6.05
EIB 4¾ 94	100	†95½	96	−2⅛	+0¼	4.78
Elec. de France 4¾ 89	100	96	96½	−1⅞	−4⅛	4.86
GZB 4¾ 89	100	94½	94¾	−0¼	−1⅞	4.94
ICI Fin. NV 3½ 94	230	87¼	87½	−0⅛	−1⅛	4.73
Int.-Amer. Dev. 4½ 89	100	93¼	94	−1⅛	−4⅛	5.35
Malaysia 5 89	80	93	93¼	−0½	−1½	5.93
New Zealand 3½ 94	120	83½	84	−0⅛	−2⅛	5.13
Nippon Tel. & T. 4¾ 89	100	97	97½	−1⅛	−2⅞	4.90
Nordic Bank 5 89	45	97½	99	−0⅞	−2½	5.30
Norges Komm. 4¾ 91	100	94¼	94½	−1	−2¼	5.01
OKB 3¾ 91	100	87½	88½	−0⅛	−3¼	5.15
OKB 4¾ 91	100	94	94½	−1½	−2⅛	5.03
Pfand Ost. Lande 4 90	60	92½	93	−0⅛	−1⅞	4.90
Philippines 4¾ 89	50	94½	95	−0⅛	−0⅞	5.48
Shikoku El. Pwr. 4¾ 89	100	99	99¼	−0⅞	−2⅛	4.86
Spain 4 91	100	92½	93	−0⅛	−1⅛	4.84
Steweag 4½ 91	80	99	99¼	−1	−1⅛	4.25
Voest-Alpine 4¾ 89	90	98⅜	99⅛	−0½	−2⅞	4.78
World Bank 4¾ 89	100	99	99½	0	−1	4.72
World Bank 4¾ 89	150	96	96¼	−0⅛	−3	4.88

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.9 83	30	88½	89½	−0⅛	−0⅛	8.06
Australia 6½ 88	20	86	87	0	−0⅛	8.85
EIB 7¾ 89	13	97⅞	98⅜	0	0	8.06
Finland 5.9 83	10	88⅞	89⅜	−0⅛	−0⅛	9.14
Finland 8.9 88	10	88⅞	89⅜	0	−0⅛	9.81

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 8 84 SDR	20	95¼	96¼	0	0	10.22
Avco Fin. 10¾ 88 C$	25	88	88½	+0¼	+0⅛	12.89
Bell Canada 10¾ 89 C$	60	92	92½	0	−0⅛	12.48
Cr. Foncier 10¾ 84 C$	30	89	89½	+0⅛	−0⅛	13.47
Ex. Dev. Cpn. 10 84 C$	50	92¼	92¾	+0⅛	−1	12.20
Fst. Can. Inv. 10 84 C$	50	90⅞	91⅜	+0⅛	+0⅛	12.84
Hudson Bay 10½ 89 C$	60	90¼	90¾	0	+0⅛	12.22
Quebec 10¾ 86 C$	50	89	89½	+0⅛	−1⅛	12.72
R. Bk. Canada 10 89 C$	40	89⅜	89⅞	0	−0⅛	12.37
R. Bk. Canada 10 94 C$	40	82⅜	83⅜	+0⅛	−3⅛	12.58
Copenhagen 8¾ 91 EUA	25	96⅞	98	0	−0⅛	9.62
Copenhagen 8¾ 91 EUA	20	103¾	104⅜	0	−0⅛	8.17
SOFTE 8¾ 89 EUA	40	92	93⅛	−0⅛	−1	9.45
Algemene Bk. 8¾ 84 Fl	75	96	96½	−0⅛	−0⅛	9.23
Amev 8½ 86 Fl	75	95⅜	96⅜	−0⅛	−1⅛	9.20
Ned. Middbk. 9¾ 84 Fl	75	96¼	96⅞	0	−0⅛	9.26
Norway 8¾ 84 Fl	100	97	97½	0	−0⅞	9.01
Norway 8¾ 84 Fl	100	96⅜	96⅞	+0⅛	−0⅛	9.19
Air France 11 84 FFr	120	99⅛	100⅛	+0⅛	+0⅛	11.06
Euratom 9¾ 87 FFr	150	88⅞	89⅞	0	−0⅛	11.93
Finland 11 84 FFr	80	96⅜	97⅜	+5	+5	11.76
Finland 11½ 89 FFr	70	96⅜	97⅜	0	0	12.10
Norway 8¾ 84 FFr	200	91⅜	92⅜	0	−0⅛	11.84
PSA Peugeot 9¾ 87 FFr	175	87⅜	88⅜	0	−0⅛	12.35
Renault 9¾ 85 FFr	100	91½	92½	0	−0⅛	11.73
Saint-Gobain 9¾ 89 FFr	130	88½	89½	0	−0½	12.28
Solvay et Cie 9¾ 87 FFr	125	88⅜	89⅜	0	−0⅛	12.12
Total Oil 9¾ 87 FFr	150	86⅜	87⅜	0	−0⅛	12.14
Citicorp 10 93 £	20	84½	85¼	0	−0⅛	12.37
EIB 9¾ 88 £	25	81⅞	82⅜	+0⅛	−2⅛	13.40
EIB 11½ 91 £	25	89	89¾	+0½	−0⅛	13.51
Finance for Ind. 13 91 £	15	94⅛	95½	−0⅛	−2½	13.84
Fin. for Ind. 12½ 89 £	30	92½	93	−0⅛	−1⅛	13.90
Gen. Elec. Co. 12½ 89 £	50	92⅞	93⅜	−1⅛	−1⅛	13.81
Indonesia 8¾ 91 KD	7	†94½	95	0	0	9.50
Mitsubishi 7½ 84 KD	10	†95⅛	95⅞	0	0	8.68
Norges Kom. 7½ 89 KD	12	†93⅛	93⅞	0	0	8.91
Occidental 8¾ 91 KD	7	†92⅛	92⅞	0	−0⅛	8.34
Akzo 9¾ 87 LuxFr	500	†96⅜	97⅜	0	0	9.76
Euratom 9 87 LuxFr	500	90⅜	91⅜	0	−0⅛	9.72
Norges Kom. 9 86 LuxFr	500	89⅞	90⅞	+0⅛	−1⅛	9.95
Oslo, City of 8 89 LuxFr	500	90⅛	91½	0	−0⅛	8.47

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BNDE 8 89	0⅜	†94⅛	95⅛	21/12	13.38	14.08
Banco di Roma Int. 6 87	0¼	98⅞	99⅛	26/4	15⅞	15.91
Bco. Nac. Argent. 7 86	0⅜	95⅜	96⅜	22/3	13.19	13.75
Banco Prov. BA 7¾ 86	0⅜	96⅞	97⅜	12/12	11	11.33
Banco Urquijo 9 88	0⅜	97⅛	97⅝	21/3	13⅜	13.72
Bque. Indo Suez 5¾ 89	0⅛	97½	98	11/1	11	11.25
Banque Sudameris 6 87	0⅜	95⅞	96⅜	11/1	11⅛	11.57
BNP 5½ 91	0⅛	96½	97	22/2	11.94	12.34
Citicorp O/S Fin. 6 84	‡0¼	98⅜	98⅞	8/12	12.81	12.96
Citicorp O/S 83	‡0	99⅛	99⅝	23/11	11.88	11.85
Creditanstalt 5½ 81	‡0¼	97⅞	98⅜	14/12	12.94	13.18
CNT 5¾ 86	0¼	98⅞	99⅜	16/4	15.19	15.32
GZB 5½ 89	‡0¼	98⅛	98⅝	1/11	11.44	11.60
Jugobanka 8 89	0⅜	94	94½	23/11	11⅞	12.58
LTCB Japan 5½ 89	0⅛	97¾	98¼	7/12	11⅛	11.35
Mfrs. Han. O/S 5¾ 94	‡0⅛	98⅛	98⅝	23/11	12.56	12.71
Nacional Fin. 6¾ 86	0¾	96⅛	96⅝	25/1	11½	11.93
Nat. West. 5¾ 94	0⅛	97⅜	97⅞	11/1	14.84	15.34
Nippon Cred. Bk. 6½ 89	0⅛	96¾	97¼	12/1	10⅞	11.23
Royal Bk. Scot. 5¾ 94	‡0⅛	98⅜	98⅞	11/1	14.94	16.11
Soc. C. de Bque. 6½ 87	0⅛	96⅞	97¼	3/4	13⅛	13.86
Sogenal 5½ 89	0⅛	96¼	96¾	11/1	10.81	11.20
Sweden 8¾ 91	‡0⅛	97⅛	97⅝	18/1	15	15.40
Texas Int. Airways 7 88	‡0⅛	95⅜	96⅛	11/1	15.96	16.23
TVO Pwr. 9 91 (D-lock)	0⅛	96⅞	97⅜	24/11	11⅛	11.47
Utd. Overseas Bk. 9 88	‡0⅛	97	97½	29/12	12.94	13.31
Williams & Glyn 5¾ 91	0⅛	97⅛	97⅝	14/3	13.38	13.74
Bq. E. d'Alg. 4¾ 89 SF	0⅝	95	96	18/12	4¾	4.45

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	92	93¼	−0¼	−3.14
Alco Int. Fin. 9½ 94	1/80	40	91⅜	92⅞	−0⅞	19.03
Asahi Optical 7 94	11/79	605	85⅜	86⅛	+2⅛	5.96
Canon 6¾ 84	9/79	570	98⅛	99⅛	+2⅛	7.11
Ciba-Geigy O/S F. 4 84	9/79	675	89½	91	−1⅛	−0.70
Credit Suisse 4¾ 93	10/79	1325	101⅛	102⅞	−2⅛	1.65
Daiei Inc. 5½ 94	11/79	1020	92⅞	93⅞	+0⅛	11.61
Esselte 7¾ 88	8/79	159	93⅜	94⅞	+0⅛	2.27
Honda Motor 5½ 89	5/79	532	92½	93½	+1⅛	2.27
LPC Internatnl. 8 89	9/79	35	89½	90¼	+0⅛	6.77
Meidensha Elec. 7 94	12/79	210	91⅛	92⅛	+0⅛	21.68
Mitsubishi Cp. 6½ 94	10/79	604	131⅛	132½	−0½	2.14
Nippon Seiko 7¾ 84	12/79	339	†87	88	+1⅛	10.19
Nitto Elec. Ind. 6 94	7/79	735	78⅞	79⅞	+0⅛	9.38
Toshiba Con. 7¾ 94	10/79	198	92⅜	93⅜	+1⅛	15.17
Union Bk. Switz. 5 89	2/80	125	104⅛	105⅞	−2⅞	4.58
Fujitsu 5 84 DM	7/79	476	95⅛	96⅛	0	18.01
Kansai Elec. 4 84 DM	4/79	1360	86⅞	87⅞	−0⅞	74.60
Tokyo Elec. 3½ 87 DM	4/79	476	92⅜	93⅛	+0⅛	122.41
Tokyu Ld. Co. 4 86 DM	4/79	483	78	79	+0⅛	41.40
Uny Co. 6½ 85 DM	11/79	1071	93⅞	94⅛	+0⅛	15.00

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Veba promises increase in dividend

BY ROGER BOYES IN BONN

REFLECTING the current well-being of the world's leading oil companies, Veba, West Germany's principal energy group, has reported sharply increased profits for the first nine months and has promised to raise its dividend for the year. Although there have been hints throughout the year, Veba's letter to shareholders yesterday was the first confirmation that the dividend would be raised. In 1975, Veba shareholders had their return cut from DM7.5 to DM6 per share, and the payment sank to DM3 in 1977. This was raised to DM6 last year, and there are early hopes that the payout will again reach 1974 levels this year.

Net profits for the group more than doubled to DM295m ($164m) from DM114m in the first nine months of 1978. Turnover has increased in all of the group's energy-related sectors, with oil and natural gas sales registering an 11.7 rise, electricity a 14.2 per cent increase and chemicals up by 33.9 per cent.

The underlying pattern is similar to other oil concerns active in Germany, all of whom have moved back into profit after years of losses. The rising prices of crude oil and chemical raw materials have in general been passed on to the customer in Germany, although all of the oil groups have denied making excessive profits out of the oil crisis. Meanwhile, the Bonn government's moves to import more crude and fewer oil products (thus reducing dependency on the spot market) have led to an extremely high use of refinery capacity—85 per cent in Veba's case.

Veba's oil exploration subsidiary Deminex has had preliminary discussions concerning the possible acquisition of petroleum leases held by TRV Minerals of Vancouver, agencies report. The leases, in the South Belridge field in California, are adjacent to property controlled by Belridge Oil, which has accepted an offer from Shell Oil for its concessions. Deminex declined to enter the recent auction for Belridge Oil.

Veba's trading activities have also benefited from these developments. Despite shedding Stinnes, the former fuel distribution subsidiary, to Deutsche BP, the trading sector has seen a substantial 18.2 per cent increase in turnover.

Electricity production, which rose by only 2.7 per cent in the first nine months of 1978, increased by 13.7 per cent in the same period of 1979. This, too, reflects the impact of the oil crisis and the growing demand for other sources of energy. The subsidiary Veba Kraftwerke Ruhr, for example, registered a 39.5 per cent increase in production to meet the unusually high demand from the two main German electricity distributors, RWE and VEW.

Veba said that as well as raising the dividend, it would also pay more into its reserves and strengthen its investment programme. The first nine months saw a substantial drop in investments to DM 895.3m from DM 1.15bn in the first nine months of 1978. This was apparently because of the funds needed for the completion of the coal-fired power station Scholven F (VKR). Veba, however, feels that investment levels should be raised to cope with future capital - intensive energy schemes.

Otto Versand forecasts setback

BY OUR BONN STAFF

THE LARGE West German mail order concern Otto Versand, expects a 8 per cent growth in turnover this year, but it is apprehensive about the prospects for 1980.

These sentiments were outlined by Dr. Guenther Nawrath, the group chairman, who warned that higher heating oil and petrol prices would bite into the pockets of the consumer and could affect sales in the coming year. For this year, however, the healthy growth pattern that began in 1976 was likely to continue.

Net profits for the 1978-79 business year ended on February 28 totalled DM 94.5m ($52.5m) compared with DM 73.3m in 1977-78, and turnover reached its highest ever point at DM 3.2bn, an 8.1 per cent rise over the previous year. But Dr. Nawrath indicated that this scale of growth would be extremely difficult to maintain at a time when increasing demands were being made on disposable income.

For this reason, Otto Versand —which has a 19.7 per cent share of the German mail order market — is to press ahead with plans to put it on a broader competitive basis with department stores. From the end of this year it will start, for a trial period, a travel agency division, which will bring it into direct competition with stores like Hertie and Kaufhof. Otto Versand is also planning to develop book and record club activities.

Cii Honeywell Bull suspends U.S. deal

BY TERRY DODSWORTH IN PARIS

THE FRENCH computer company, CII Honeywell Bull has been forced to suspend its proposed purchase of the magnetic disk interests of System Industries of the U.S.

The deal, announced two months ago, was to have been finalised by the end of this year. But in a short announcement yesterday, Cii said that it was not in a position to go through with the agreement because the American company had "unilaterally" decided to call it off.

Cii has clearly not yet given up all hope of reaching an agreement with System Industries, a Californian-based organisation with a strong distribution network in North America. Yesterday, however, the French group would not elaborate on its position, beyond saying that it would probably not be able to acquire the American business. It is now considering its options in the U.S.

This development is a clear setback to Cii in its plans both to develop its business in the U.S. and to move more into the area of computer peripherals.

System Industries is regarded as a leader in disk controllers for mini-computers, and has a sales network which was to have been used for the group as a whole. It currently has more than 5,000 disk sub-systems installed in the U.S. and Europe, and generates a turnover of about $20m a year.

Changes at the top in Italian banking

By Rupert Cornwell in Rome

THE ITALIAN Government is well on the way towards carrying out a delicate series of top banking appointments in the public sector, made necessary in particular by the Societa Italiana Resine (SIR) affair.

It is now probable that the new president of the Istituto Mobiliare Italiano (IMI), the medium-term credit institute, will be Sig. Piero Schlesinger, currently at the head of Banca Popolare di Milano. The previous IMI president, Sir. Giorgio Cappon, resigned last month in the wake of the SIR reorganisation.

IMI was the largest single creditor of the chemical group headed by Sig. Nino Rovelli, which collapsed under the weight of L2,000bn of debts. The provision of soft state loans to SIR is now at the centre of an investigation by the country's magistrates, which has involved virtually the entire Italian financial establishment, including the former governor of the Bank of Italy, Sig. Paolo Baffi.

Meanwhile Sig. Rinaldo Ossola, formerly a deputy director general of the central bank and a prominent figure in international monetary affairs, is likely to become the new president of the Banco di Napoli, succeeding Sig. Paolo Pagliazzi.

His appointment could signal a change of course for a bank which is recovering from the effects of management errors a few years ago, and lead to greater international involvement by an institution which has hitherto been largely bound to the depressed south of the country.

At tha same time, Sig. Fausto Calabria bes heen approved es the new president of Mediobenca, the Influential Milenbased merchant bank, which is also publicly owned. Sig. Enrico Cuccie remains Managing director.

Bavaria puts off bond issue until 1980

By Our Financial Staff

THE STATE of Bavaria has pulled out of the new issue queue for the German capital market. A borrowing of between DM 400m and DM 500m planned for this autumn will now take place in 1980.

Extremely weak for most of this month, the bond market in Frankfurt moved sherply lower last week with long term peper falling by eround two points. Despite heavy support from the Bundesbank, yields on long term state loans are now beck up to 8 per cent.

The latest inflation indicators have been unfavourable, end the government's credit policy remains uncompromisingly tight. Sentiment has been depressed further by the proposed $4bn borrowing by the U.S. Government.

The alide in bond prices is also begining to affect the Dutch market. Yields on first quality domestic bonds rose to 9.25 per cent or more in Amsterdam yesterday. The European Investment Bank'a Fl 150m 15-year bonds on a coupon of 9 per cent were quoted et 98.1 per cent compared with an issue price of 99. Algemene Bank Nederland's Fl 150m loan on a coupon of 9¼ per cent wonld require an issue price of about 99 per cent in present conditiona, dealers said. The issue is to be officially priced tomorrow.

● Swedisb investment holding rompany Incentive AB is floating a SKr 100m bond over years at per. Coupon will be ¼ per cent, manager Skandinaviska Enskilda reports.

German Ikea sales up

Sales of Ikea Deutschland, the West German subsidiary of the Swedisb bome furnishings retailer, totalled DM 480m in the year ended August 31, up per cent from DM 364m previously, writes AP-DJ from Hofheim. Ikea ettributed the rise in sales to the opening of two new outlets.

Brostroem cuts deficit

BY JOHN WALKER IN STOCKHOLM

THE SWEDISH shipping groop Brostroem made a pre-tax loss of SKr 62m ($14.6m) on turnover of Skr 1.48bn ($348m) during the first eight months of this year, compared with a loss of SKr 133m in tha January-August period of 1978 on turnover of SKr 1.35bn.

Last year the company disposed of some of its operations ehroad, and this has led to e reduction in turnover from the 1977 level of SKr 2bn. Brostroem forecasts a major turnround for its bulk and tanker operations, which will probahly yield an operating profit this year.

Meanwhile, tha Swedish state bolding company Statsfoeretag forecasts that the loss for the whnle of this year will be some SKr 600m less than for the wbole of 1978, according to the company's eight-month report. The loss for last year amounted to SKr 929m ($219m) and is expected to drop to SKr 300m this year.

The heavy Industries within the group contributed a considerable amount towards the Improvement, but this wes not sufficient to wipe out the deficit. Group sales rose by 16 per cent during the first eight months of this year to SKr 7.23bn from SKr 6.25bn in the same period of 1978.

Fiat lifts value of assets

TURIN — The Italian carmaker Fiat more than donhled the reserves carried on its balence sbeet wben it revalned upward its assets eerlier this year, the company said yesterday.

Fiat, Italy's largest private company, said in its mid-year report that its reserves rose to L3,133bn on Jnne 30 from L1,226bn at the end of 1978.

The increase reflected tbe revaluetion that took place when the Fiat parent company was transformed into a holding company during the first balf of this year. It was tecbnically e new enterprise, so its assets had to reflect current market worth, the company said.

The report, which was submitted to the stock market control commission, repeated earlier warnings frnm Fiat that the car market would slacken in the second half of 1979 because of oil price increases that spurred infletion.

"The company foresees a slowdown in world demand, following the adoption of restrictive economic policies by various governments," the report said.

Fiet added thet it was confident that it would distribute a dividend fnr 1979, but made no forecast of the amount of the payment.

AP-DJ

New issues in Paris bond market

PARIS—French public body Caisse d'aide à l'Equipment des Collectives Locales is to float e FFr 800m bond on the Paris market next week. Lead managed by Paribas, the issua carries an 11.7 per cent coupon, is spread over 15 years and is priced at par.

At the same time a FFr 200m par priced bond is expected for Caisse Centrale de Credit Cooperatif with an 11.7 per cent coupon. Average life will be 9.95 years. Dealers also expect a FFr 170m bond for Caisse Centrale des Banqnes Populaires some time next week.

Reuter

Slow progress at Karstadt

By Guy Hawtin in Frankfurt

KARSTADT, Europe's largest department store gronp, yesterday reported that sales in the first three-quartars of the year rose by 11.8 per cent. Growth in real terms however was e less inspiring 2.7 per cent.

According tn the report, tnrnover during the first nine months of the year emounted to DM 8.56bn ($3.64bn). Growth, bowever, came abont largely as e result of increased sales space. When this is excluded from the figures, sales showed the lower growth rate.

During the period Karstadt opened six new department stores, pushing up sales space by 5.4 per cent. At the same time, its Kepe Kaufheus subsidiary also npened six new branches and sales space rose by 26,000 square metres.

The group's travel operatinns saw sales rise by e powerful 37.6 per cent compered with the previous year, to reach DM 282.8m.

According to the group, earnings during the first nine months nf the year have been greatly affected by expenditure un the opening nf new ontlets, takeovers, extensions and modernisations. Sales stagnation dnring the third quarter also added to the burden.

Societe Internationale Pirelli sales rise

BY OUR FINANCIAL STAFF

DESPITE some useful sales gains in the first quarter, Societe Internationale Pirelli continues to take e cautious view of prospects for this year.

Sales among the associated companies within the SIP group have risen by 11 per cent during the three months ended September, and business generally is proceeding normally. But, shareholders were told at the annual meeting in Basle, that the trading outlook needs to be treated with reserve.

When earlier this month reporting a decline of 8.4 per cent to SwFr 28.3m ($17.1m) in net profits for last year, tha company drew attention to the uncertainties of the foreign exchange markets end tha instability of world trade.

SIP is e Swiss bolding company within tha Dunlop Pirelli union. In recent years its trading interests (mostly tyres and cables) have been among the more profitable within the union.

The company operates in North and South America as well as Europe. The weaker trading divisions within the group centre on Turkey, Spain and tha UK. Earnings are also said to be falling in Argentina.

* * *

TURNOVER of the Hesta group was SwFr 810m ($488m) last year and improved business is looked forward to for 1979, writes John Wicks from Zurich.

Hesta, whose net profits for the financial period ended June 30 wera of SwFr 2.6m ($1.57m), states that in calendar 1978 earnings were satisfactory at the underwear concern, Schiesser which has major production facilities in Germany and Switzerland. For 1979 the German Affiliate Schiesser AG expects another good result, while Schiesser Holding AG (Zurich) also expresses "confidence."

The Swiss electronics and automation subsidiary Zellweger Uster, booked satisfactory 1978 results and this year records a rise in orders, notably in textile industry electronics and communications.

The Swiss air-conditioning and process engineering company Luwa was "without profits" in 1978. Figures for the first half of this yeer are said to he encouraging bnt the cost of re-organisation measures are likely to keep the company ont of the profits zone. However, Luwa indicates that its problems should be eradicated in the foreseeable future.

* * *

THE NEW ISSUE queue in the Swiss bond market has recently been joined by Swissair which is to borrow SwFr 80m our financial staff writes. Dealers suspect the airline will bave to offer a coupon of 4¼ per cent. The Kantoo of Tessin ia also in the market—for SwFr 50m—and so is Pfandbriefbank which is expected to shortly raise SwFr 120m.

Bell Group wins six-month fight for control of Ansett

BY JAMES FORTH IN SYDNEY

THE SIX-MONTH-OLD battle for control of Ansett Transport Industries was resolved yesterday, with the smallest contender—the Western Australian Bell Group, controlled by Mr. Robert Holmes a Court—emerging as the victor. A compromise was hammered out at a meeting of the chief executives of the major Ansett shareholders yesterday at Ansett's head office in Melbourne. Under the arrangement, Ansett will buy Bell's operating interests in transport, media and textiles for between A$40m and A$50m (U.S.$44-55m), and Mr. Holmes a Court will become chief executive of Ansett. Sir Reginald Ansett, the present chief executive and founder, who is 70, will remain as chairman.

The assumption of Mr. Holmes a Court to the top place in the combined Ansett-Bell group will solve the problem of finding a successor to Sir Reginald. Several members of Ansett's senior management are nearing retirement age. Sir Reginald is probably the eldest chief executive of a major company in Australia. Mr. Holmes a Court, 42, will be among the youngest.

A compromise was necessary because of the complicated shareholdings which have arisen in recent months as major companies battled for control of the airline, transport and television group. Mr. Holmes a Court sparked off the saga when he began buying around March, based on the collapse of Ansett's finance associate, Associated Securities, which depressed the Ansett price.

Ampol Petroleum then moved into the market and bought 20 per cent of Ansett only to provoke Ansett into retaliating, and buying 20 per cent of Ampol. The two companies then reached a truce, agreeing not to act against either's interest.

Thomas Nationwide Transport, the transport group, and long-standing Ansett holder, then built its stake to 20 per cent, while Mr. Rupert Murdoch's News Limited media group also took a hand, and built up a stake of between 5 per cent and 10 per cent.

The arrangement, which is subject to the approval of the boards concerned, involves Ansett buying the Bell Group subsidiary, Bell Brothers Holdings, and thus obtaining the assets. Mr. Holmes a Court would retain his 60 per cent control of the listed Bell Group. Bell Group will buy out the holdings of TNT, Ampol and the News group in Ansett over a period reportedly ranging up to two years.

The price is believed to be higher than Ansett's current market price of A$2.00 which would require Mr. Holmes a Court to find more than A$80m (U.S.$88m). About A$50m will come from the sale of the Bell assets to Ansett. It is understood that Ansett also intends to sell its Ampol stake to the News group and TNT, which would raise close to another A$30m.

Moreover, News is expected to get the right of first refusal to Ansett's Melbourne television station if Mr. Holmes a Court decided to sell, and Ampol would have a similar right of refusal over Ansett's Brisbane TV station. News recently bought control of Sydney's Channel 10 and the Melbourne station would strengthen its TV network.

The combined Ansett-Bell group will have total assets of more than A$400m, including A$74m contributed by the Bell companies.

Combined profits of the two groups for the 1978-79 financial year would have been almost A$77.5m.

Interim advance at Ajinomoto

TOKYO — Ajinomoto Company, the world's largest manufacturer of a monosodium glutamate has reported that parent company net profit for the first half of the financial year increased by 32.3 per cent to Y4.09bn ($17.3bn) from Y3.09bn in the same period a year ago.

Sales in the six months to September 30 totalled Y162.47bn ($688m) up 1.6 per cent from the Y159.1bn of last year's first half and profit per share was Y13.80 compared with Y10.75.

The company said the main reason for the sharp rise in net profit was a successful reduction in costs. Ajinomoto cut about Y4.35bn from costs during the period.

● TWELVE corporate bonds will be issued on the Japanese capital market next month to a total of Y129bn ($550m), up from the 11 bonds worth Y127bn issued in October, the Underwriters Association said.

The total comprises three general corporate bonds worth Y12bn, compared with five bonds worth Y41bn in October, and nine electric power company bonds worth Y117bn, compared with six bonds worth Y86bn in October.

Agencies

Record third quarter from Matsushita Electric group

BY YOKO SHIBATA IN TOKYO

MATSUSHITA Electric Industrial Company, raised consolidated earnings and sales to record levels in the third quarter of the financial year.

Net earnings in the three months to August 20 rose by 15 per cent to Y26.25bn ($111m), on sales of Y605.75bn ($2.6bn) up 11 per cent. Per share profits were Y22.5, compare with Y19.6 a year ago.

For the first nine months of the year, net earnings were Y70.28bn, up 8 per cent, on consolidated sales up 9 per cent to Y1,701bn. Nine-month per share profits were Y60.2, against Y56.0.

Sales increases in the third quarter were especially strong in video tape recorders, colour television sets and communications products, including facsimile equipment.

Sales of video tape recorders totalled Y52.6bn, up 62 per cent over the same period of 1977-78. VTR exports more than doubled to Y35.7bn.

Matsushita's export operations benefited from the fall in the yen in the foreign exchanges. Experts in the third quarter reached an all-time high of Y169.1bn, for a gain of 17 per cent, mainly on the video tape recorders account.

In the first nine months, however, exports were below the previous year's level, showing a fall of 1 per cent or Y425.63bn —having suffered from the higher yen value in the first half.

For the full year, ending November 20, Matsushita expects consolidated sales to reach Y2,300bn, or 7 per cent more than in 1977-78, and net profits for the 120 companies in the group to increase by 8 per cent to Y96.6bn. A gain of 3.5 per cent to Y600bn is forecast for experts.

First-half setback for Nippon Oil

BY OUR TOKYO CORRESPONDENT

NIPPON OIL—the petroleum company with the largest share, about one-sixth of the Japanese market—suffered a sharp setback in the first half of the financial year. Net profits fell by 58.7 per cent to Y3.13bn ($13.3m), as a result of soaring crude oil costs and exchange losses stemming from deferred payment for crude oil imports, with the weakening in the yen against the dollar.

The company receives 80 per cent of its crude oil from Caltex Oil, which produces mainly Saudi Arabian and Indonesian oil, and as a result was less strongly affected by cutbacks in oil supplies than were other Japanese companies. In view of this, and steep increases in the prices of oil products, Interim sales rose by 36.8 per cent to Y1,022bn ($4.3bn.)

Operating profits declined sharply by 53.6 per cent to Y6,840bn. Japanese oil refiners borrow U.S. dollars for the settlement of oil imports and recoup the funds four months later. The sharp fall of the yen value against the U.S. dollar generated Y2.8bn in losses for Nippon Oil.

Nippon Oil buys oil from its refining subsidiary, Nippon Oil Refinery, which itself suffered an exchange loss of Y12.6bn. These losses were made up for in the cost of crude oil which Nippon Oil purchased. As a result, there was an underlying exchange loss of Y15.4bn, according to the company.

During the term, the company raised its oil price five times but it could not cover spiralling crude oil costs.

For the current half of the fiscal year, Nippon Oil says, the outlook is clouded by uncertainty over crude oil prices and the exchange rate. However, the company predicts that its operating profits will reach Y13bn against Y9.5bn in the previous year, provided that the yen exchange rate is about Y230 to the dollar, and that the company secures the volume of crude oil originally in the Government programme.

Deficit at Air Zimbabwe Rhodesia

By Tony Hawkins in Salisbury

AIR ZIMBABWE RHODESIA, which for 11 years has operated at a profit, ran into the red in 1978-79 to the tune of R$691,000 (some U.S.$1m). This compares with a profit of R$683,000 for 1977-78.

Mr. Mervyn Eyett, the general manager of the Zimbabwe Rhodesian national airline said that costs had risen by more than 17 per cent, mainly as a result of a rise of more than U.S.$2m in fuel expenses while income has increased by only 10 per cent. There was a marginal fall in the number of passengers carried (down less than 1 per cent), but cargo revenue was up almost 10 per cent. Part of the loss reflected the airline's unwillingness to inflict "even higher fare increases" on the travelling public, Mr. Eyett said.

Mr. Eyett also attributed the deficit to the two Air Zimbabwe Rhodesia Viscounts having been shot down by Nkomo Patriotic Front Guerrillas, the "very uncertain" political and economic climate; the "sudden sharp decline" in tourism; a succession of fuel price increases (Zimbabwe Rhodesia fuel prices have increased by 50 per cent this year); and the "heavy cost of additional security measures." All these contributed to "a situation which ne airline has ever had to contend with before," Mr. Eyett added.

Further rise for Rhobank

By Our Salisbury Correspondent

RHOBANK, the only commercial bank listed on the Zimbabwe Rhodesia Stock Exchange, has announced record profits for the year to September 30. The bank, a subsidiar yof the Nedbank Group in South Africa which owns nearly 60 per cent of the equity, announced a 15.5 per cent rise in profits to just over R$3m ($US4.3m). During the 1970s, group profits have increased six-fold from less than R$500,000 in 1970.

Issues of Yen CDs double in month

TOKYO — The outstanding balance of yen-denominated certificates of deposits issued by Japanese and foreign banks more than doubled, to Y3,380bn ($14.3bn) at end-September, from Y1,360bn a month earlier, according to banking sources here.

The end-September total included Y1,110bn issued by commercial banks, compared with Y1,080bn at end-August, Y66bn by mutual financing banks, compared with Y64bn, and Y200bn by foreign banks operating in Japan, against Y211bn.

Central banks and government monetary authorities in South East Asia, the Middle East and Latin America are said to have made considerable investments in yen-denominated CDs in recent months.

CD interest rates average 6.715 per cent for maturities of less than 120 days, 6.871 per cent for maturities between 120 and 150 days and 6.910 per cent for maturities of over 150 days, the overall average being 6.76 per cent.

Since the beginning of October, CD issues have been increasing—with interest rates new reaching about 7.7 per cent —mainly in anticipation of a rise in the Bank of Japan official discount rate.

All financial institutions in Japan have been allowed to issue yen-denominated certificates of deposits since mid-May this year at interest rates within their respective frameworks as part of the Japanese Government's programme to liberalise money markets.

Some banks are believed to have renewed their CDs in August and September, while others discontinued some issues.

The resale of CDs has so far been limited, and has taken place mostly through issuing banks, which CD holders are required to notify before sale.

The Finance Ministry has, it is understood, so far refused to consider a Japanese City bank's proposal that they should abolish the frameworks for their CD issues—allowing them to place CDs without restrictions. The framework for a City bank started with 10 per cent of the combined total of its share capital and reserves, and allowed quarterly increases of 5 per cent, to bring the total up to 25 per cent in the January-March quarter next year.

Reuter

BAT Indonesia expects sharp increase in profit

JAKARTA — British American Tobacco Manufacturers (Indonesia), the offshoot of BAT Industries, expects net profits of rupiah 8.3bn ($13.3m) for the year ending December 31, compared with rupiah 2.9bn for the financial year ended September 30, 1978.

The company has changed its financial year to a calendar year basis as part of its planned share flotation, under which it is also changing its name to PTBAT Indonesia.

A prospectus on the issue says the company will declare a final dividend of rupiah 195 for 1979 in May, and an interim dividend for 1980 of rupiah 155 in September.

The company is issuing 6.6m nominal rupiah 1,000 shares at a premium of rupiah 1,500, to raise rupiah 16.6bn. The prospectus also revealed that gross revenue in 1977-78 was rupiah 52.2bn compared with rupiah 37.9bn for the previous year.

One of the issue underwriters said that behind the forecast of sharply higher profit was the fear that local tobacco companies were now required to pay full excise duty, as BAT Indonesia had done in the past. This resulted in a narrowing of the price differential between BAT's white cigarettes and local clove cigarettes, with a consequent increase in demand for white cigarettes.

Reuter

Cane shortage brings third Malaysian closedown

BY WONG SULONG IN KUALA LUMPUR

THE INTEGRATED sugar project between the Negri Sembilan State Government and the Phaltan Sugar Works of Bombay is closing down after struggling for six years to get enough sugar cane to feed its mill.

The company, Syarikat Gula NS, which manages the sugar project, has so far incurred losses of more than 30m ringgit (U.S.$13.7m). The Negri Sembilan sugar project was conceived in 1972, and 35,000 acres in the Kuala Pilah district was set aside for a sugar cane plantation.

Syarikat Gula N.S. is the third Malaysian sugar venture to fail. The first venture in Johore State never got under way, because the sponsors found that the land was not suited for the crop. Several unsuccessful attempts have been made to get the state government to agree to the conversion of the land to oil palm.

The second company, Gula Perak, which is quoted on the Kuala Lumpur Stock Exchange, is in the hands of receivers after suffering heavy losses because of its inability to get enough cane for its crushing mill.

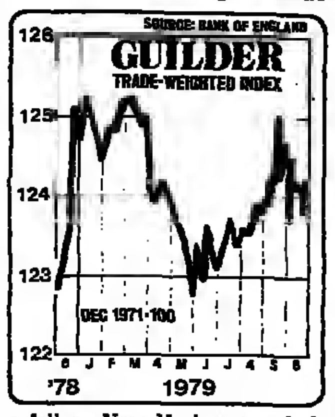
هكذا من الأصل

Companies and Markets

CURRENCIES, MONEY and GOLD

Sterling weak

STERLING fell sharply in nervous trading in the foreign exchange market yesterday. Switching into other currencies as a result of the removal of foreign exchange controls continued to depress the pound, as did fears about the decline in the UK economy, and expectations of a cut back in North Sea oil production. Sterling opened at $2.0910-2.0920, and quickly touched a high point of $2.0915-2.0925. The Bank of England probably intervened as selling pressure built up, taking the pound down to $2.0730-2.0740 before lunch. In the afternoon sterling continued



to fall as New York entered the market, touching a low level of $2.0520-2.0530. The later weakness of the dollar helped the pound to recover to $2.0680-2.0690 at the close, a fall of 2.75 cents on the day.

Sterling's trade-weighted index, as calculated by the Bank of England, fell to 66.6 from 67.5, after standing at 66.9 at noon and 67.3 in the morning.

The dollar's index, on Bank of England figures, rose to 87.1 from 86.9, but the U.S. currency fell to DM 1.8070 from DM 1.8115 against the D-mark, and to SwFr 1.6740 from SwFr 1.6810 in terms of the Swiss franc. The dollar was much stronger against the Japanese yen however, rising to Y238.10 from Y235.90.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM 1.8110 against the D-mark, compared with DM 1.8120 previously. Trading was quiet ahead of the U.S. trade figures, with the market expecting a similar deficit in September to the August figure of $2.36bn. There was no sign of central bank support for the U.S. currency in the open market as the dollar moved within a narrow range of DM 1.8105 to DM 1.8130.

ZURICH — The dollar was firm in early trading ahead of the trade figures, rising to SwFr 1.6820 from an early level of SwFr 1.6795 against the Swiss franc. The Swiss currency was steady against the D-mark at SwFr 92.65 per 100 D-mark.

MILAN—The dollar rose to L834.55 against the lira from L834.30 at the fixing, while the Swiss franc improved to L498.90 from L496.76. Sterling fell to L1,732 from L1,757.20, and the Irish punt was the only member of the European Monetary System to lose ground against the lira. The Irish currency declined to L1,712 from L1,716.50, while the D-mark rose to L461.11 from L460.62; the French franc to L197 from L196.9; the Belgian franc to L28.586 from L28.572; the Dutch guilder to L416.08 from L414.20; and the Danish krone to L156.47 from L156.32.

TOKYO—The dollar rose to its highest level since March 1978, closing at Y237.70 against the yen, compared with Y234.77½ on Monday. The U.S. currency touched a high point of Y237.80, while sales of dollars by the Bank of Japan to support the yen were estimated at $300m. Trading was hectic, with the dollar helped by speculation that the U.S. September trade figures would show a considerable improvement. But the main reason behind the yen's acute weakness was a report that Iran had called an extraordinary meeting of the Organisation of Petroleum Exporting Countries which may have serious consequences for Japan as a major oil importer.

THE POUND SPOT AND FORWARD

Oct. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0520-2.0925	2.0680-2.0690	0.07-0.17c dis	−0.69	0.32-0.42dis	−0.72
Canada	2.4250-2.4740	2.4440-2.4450	0.15-0.05c pm	0.49	0.35-0.15 pm	0.40
Nethlnd.	4.12-4.23	4.15-4.10	2¼-1¼c pm	5.05	5¼-4¼ pm	4.93
Belgium	59.80-61.10	60.30-60.40	5c pm-5c dis	par	17-7 pm	0.80
Denmark	10.91-11.18	11.00½-11.01½	3-5ore dis	−4.36	8¼-10¼ dis	−3.36
Ireland	1.0050-1.0205	1.0085-1.0095	0.17-0.27p dis	−2.62	0.70-0.80dis	−2.97
W. Ger.	3.71-3.80	3.73½-3.74½	2¼-1¼pf pm	0.82	6¼-5¼ pm	6.02
Portugal	103.80-106.25	104.95-105.25	45-95c dis	−7.99	110-210 dis	−0.09
Spain	135.00-138.65	137.10-137.20	par-50c dis	−2.19	120-250 dis	−1.64
Italy	1,712-1,744	1,724½-1,725½	2¼-4½lire dis	−2.61	9-11 dis	−2.32
Norway	10.31-10.55	10.39-10.40	1¼ore pm-¼ dis	0.86	¼-2¼ dis	−0.38
France	9.68-8.86	9.74¼-9.75¼	1¼-¼c pm	1.15	2¼-1¼ pm	0.60
Sweden	8.74-8.81	8.80½-8.81½	1¼ore pm-¼ dis	0.68	4¼-2¼ pm	2.45
Japan	480-502	492-493	3.55-3.15y pm	8.16	8.75-8.35 pm	6.94
Austria	26.70-27.30	26.90-26.95	15-5gro pm	4.45	42-32 pm	4.03
Switz.	3.43-3.54	3.45-3.47	3¼-2¼c pm	11.69	10-9 pm	11.02

Belgian rate is for convertible francs. Financial franc 61.85-61.95c pm. Six-month forward dollar 0.23-0.33c dis, 12-month 0.35-0.25c pm.

THE DOLLAR SPOT AND FORWARD

Oct. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0520-2.0925	2.0680-2.0690	0.07-0.17c dis	−0.69	0.32-0.42dis	−0.72
Ireland†	2.0450-2.0635	2.0470-2.0520	0.45-0.15c pm	1.76	0.80-0.50 pm	1.27
Canada	1.1823-1.1832	1.1823-1.1826	0.15-0.10c pm	1.27	0.29-0.24 pm	0.90
Nethlnd.	2.0070-2.0170	2.0070-2.0090	1.05-0.95c pm	5.98	3.03-2.93 pm	5.94
Belgium	29.15-29.22	29.15-29.165	3-2c pm	1.03	12-10 pm	1.51
Denmark	5.3240-5.3425	5.3240-5.3265	1.10-1.60ore dis	−3.04	3.10-3.60dis	−2.52
W. Ger.	1.8060-1.8140	1.8065-1.8075	1.12-1.02pf pm	7.10	3.12-3.02 pm	0.79
Portugal	50.60-50.85	50.75-50.85	15-30c dis	−5.31	40-75 dis	−4.53
Spain	66.25-66.40	66.32-66.35	10-20c dis	−2.71	55-75 dis	−3.92
Italy	834.00-834.75	834.40-834.70	1.0-1.5lire dis	−1.80	2.0-3.5 dis	−1.56
Norway	5.0255-5.0425	5.0255-5.0265	1.0ore pm-par	1.19	0.50pm-0.50dis	—
France	4.2290-4.2385	4.2290-4.2310	0.35-0.25c pm	0.85	1.35-1.15 pm	1.18
Sweden	4.2590-4.2810	4.2600-4.2610	0.90-0.70ore pm	2.25	3.0-2.80 pm	2.72
Japan	237.50-239.70	238.05-238.15	1.88-1.73y pm	9.10	4.65-4.50 pm	7.68
Austria	13.01¼-13.03½	13.01¼-13.02¼	6.80-6.30gro pm	0.04	22.0-20.5 pm	6.53
Switz.	1.6716-1.6840	1.6735-1.6745	1.83-1.78c pm	12.94	0.11-5.06 pm	12.16

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Oct. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.611525	0.652121
U.S. $	12	1.28780	1.37308
Canadian $	14	1.52321	1.62549
Austria Sch.	3¾	16.8110	17.8955
Belgian F.	10	37.5970	40.1187
Danish K.	11	6.83406	7.32865
D Mark	5	2.33252	2.48886
Guilder	8	2.09383	2.70950
French Fr.	9½	0.45576	5.88171
Lira	12	1073.90	1140.00
Yen	5¼	302.120	383.367
Norwgn. Kr.	7	6.47492	5.91784
Spanish Pts.	8	85.2951	91.0071
Swedish Kr.	8	5.47214	5.84575
Swiss Fr.	1	9.16131	9.30586

CURRENCY MOVEMENTS

Oct. 30	Bank of England Index	Morgan Guaranty changes %
Sterling	60.6	−38.7
U.S. dollar	87.1	−6.1
Canadian dollar	80.5	−17.0
Austrian schilling	154.6	+25.2
Belgian franc	115.0	+14.3
Danish kroner	114.5	+2.7
Deutsche mark	155.4	+45.3
Swiss franc	198.0	+80.5
Guilder	124.2	+19.2
French franc	100.7	−0.0
Lira	54.7	−49.5
Yen	180.4	+19.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Oct. 30	£	$		£ Note Rates
Argentina Peso	3124-3154	1510-1520	Austria	27.00-28.00
Australia Dollar	1.8810-1.8850	0.9065-0.9110	Belgium	62.40-63.40
Brazil Cruzeiro	62.24-63.84	30.10-30.55	Denmark	11.15-11.25
Finland Markka	7.89-7.91	3.8870-3.8290	France	8.85-9.00
Greek Drachma	78.089-78.971	37.45-37.05	Germany	3.75-3.80
Hong Kong Dollar	10.37-10.395	5.0240-5.0280	Italy	17.00-18.00
Iran Rial	140.51-152.05	70.25-73.50	Japan	4.94-5.04
Kuwait Dinar (KD)	0.078-0.588	0.2794-0.2804	Netherlands	4.16-4.88
Luxembourg Frc.	60.30-60.40	98.16-29.18	Norway	10.50-10.70
Malaysia Dollar	4.54-4.551	2.1930-2.1960	Portugal	104-110
New Zealand Dlr.	9.1350-2.1400	1.0310-1.0340	Spain	138-144
Saudi Arab. Riyal	5.99-7.09	3.3700-5.3800	Switzerland	3.45-3.60
Singapore Dollar	4.5350-4.5470	2.1800-2.1950	United States	2.09-8.11
Sth. African Rand	1.7170-1.7270	0.8285-0.8290	Yugoslavia	45-47

Rate given for Argentina is free rate.
"World Value of the Pound" October 29—Rate for Mauritius should have been 16.20.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.8455	40.0380	+0.48	+0.48	±1.53
Danish Krone	7.36594	7.31195	−0.73	−0.73	±1.635
German D-Mark	2.48557	2.48228	−0.13	−0.13	±1.125
French Franc	5.85522	5.80881	−0.79	−0.79	±1.3575
Dutch Guilder	2.74748	2.75560	+0.30	+0.30	±1.515
Irish Punt	0.669141	0.669483	+0.05	+0.06	±1.665
Italian Lira	1159.42	1145.02	−1.24	−1.24	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 30	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.069	3.740	492.5	8.753	3.405	4.155	1725.	2.445	60.35
U.S. Dollar	0.483	1.	1.808	238.T	4.251	1.670	2.009	834.1	1.189	29.18
Deutschemark	0.267	0.553	1.	131.7	2.340	0.986	1.111	461.3	0.654	15.14
Japanese Yen 1,000	2.030	4.200	7.594	1000.	17.77	7.036	8.437	3503.	4.903	122.5
French Franc 10	1.143	2.363	4.273	562.7	10.	3.909	4.747	1971.	2.79	68.95
Swiss Franc	0.888	0.597	1.078	102.1	2.526	1.	1.188	487.9	0.705	17.42
Dutch Guilder	0.241	0.498	0.900	119.5	9.106	0.834	1.	415.2	0.588	14.52
Italian Lira 1,000	0.980	1.198	2.168	285.5	0.073	2.008	9.408	1000.	1.417	34.98
Canadian Dollar	0.409	0.846	1.530	201.5	3.580	1.417	1.700	705.8	1.	24.
Belgian Franc 100	1.657	3.428	6.197	810.1	14.50	6.749	0.885	2858.	[illegible]4.0	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.90-15.00 per cent; three months 15.30-15.40 per cent; six months 15.15-15.25 per cent; one year 14.20-14.30 per cent.

Oct. 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	13¼-13¾	14⅛-14⅜	13-14	8¼-9⅛	1¼-1⅜	7⅝-7¾	12½-13½	14-16	—	8½-8⅞
7 days' notice	15½-14	14⅜-14⅝	13-14	8¼-8½	1¼-1½	7⅞-7⅞	19½-13½	15-15	14¾-14⅞	4⅞-5⅞
Month	14⅜-14⅝	14⅞-15⅛	14-14⅜	9⅜-9⅞	2⅞-2⅞	8-8¼	13⅛-13⅜	14¼-15¼	10⅞-15⅞	6⅞-6⅞
Three months	15-15¼	15⅞-10	14¼-14⅝	8⅞-9⅞	2½-2⅝	8⅞-9	14⅛-14⅜	15¼-10¼	16-16⅛	7⅞-8⅞
Six months	15⅛-15⅞	10⅞-10⅞	14-14⅜	9⅞-10⅛	3⅞-4⅛	8⅞-9	14⅛-14⅜	16-17	15½-15⅝	6⅞-8⅞
One year	14⅛-14¾	14⅞-14⅞	13⅝-13¾	9⅞-8⅞	3¾-3⅞	8⅝-8¾	13⅞-14	16-17	14⅞-14⅞	7⅞-8⅞

Long-term Eurodollar two years 12⅞-13⅛ per cent; three years 12¼-12½ per cent; four years 11⅞-12⅛ per cent; five years 11¾-12 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

German call falls

Call money continued to fall in Frankfurt yesterday, and was quoted at 5.00-5.50 per cent, compared with 7.00-7.50 per cent on Monday. Overnight funds have fallen by 3 per cent since the week-end, largely reflecting end of month factors and also liquidity added to the market by the Bundesbank over the past few days. Demand for call money has declined sharply this week as banks have generally already met their minimum reserve requirements for October and have become offerers of funds. The central bank has increased the availability of money by market purchases of domestic bonds and possibly by way of public authority accounts.

German interest rates rose sharply over the preceding two weeks amid speculation that the authorities may increase the Lombard rate. Call money touched 8.75 per cent around the middle of last week.

Period rates, which had also moved up, lost ground in line with the overnight rate on Monday, but were unchanged yesterday. One-month money was quoted at 8.60-8.80 per cent; three-month 9.00-9.20 per cent; six-month 8.60-8.80 per cent; and 12-month 8.65-8.75 per cent.

PARIS—Call money remained steady at 11¾ per cent, after touching a three-year peak at 11⅞ per cent last Thursday. One-month funds were unchanged at 12¼-12½ per cent, and three-month and 12-month at 12⅝-12¾ per cent. Six-month money firmed to 12¾-12⅞ per cent from 12⅝-12¾ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were: one-month 14-14¼ per cent; three-month 14¼-14½ per cent; six-month 13¾-14 per cent; and 12-month 12¾-13 per cent.

HONG KONG—The money market was tight, with call and overnight money at 10½ per cent.

MONEY RATES

NEW YORK

Prime Rate	15-15¼
Fed Funds	15-15½
Treasury Bills (13-week)	12.28
Treasury Bills (26-week)	12.24

GERMANY

Discount Rate	5
Overnight Rate	5.25
One month	8.70
Three months	9.10
Six months	8.70

FRANCE

Discount Rate	8.5
Overnight Rate	11.625
One month	12.1875
Three months	12.6875
Six months	12.8125

JAPAN

Discount Rate	5.25
Call (Unconditional)	6.9375
Bills Discount (three-month)	7.8125

UK MONEY MARKET

Small shortage

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave small assistance. They bought a small amount of Treasury bills from the discount houses and banks — some for resale at a fixed future date. The Bank of England also bought a small number of local authority bills for resale at a fixed future date, and completed the help by lending a small amount to one or two houses, overnight at Minimum Lending Rate of 14 per cent.

Government disbursements exceeded revenue payments to the Exchequer, but this was outweighed by small run-down balances brought forward by the banks, a small net take-up of Treasury bills, and the call on 12 per cent Exchequer 1999-2002.

Discount houses paid 13¼-13¾ per cent for secured call loans in the early part, and closing balances were taken at 13¾-14 per cent.

Rates in the table below are nominal in some cases.

GOLD

Firmer trend

Gold rose $5 to close at $378½-379½. It opened at $374-376, the lowest level of the day, and was fixed at $376.00 in the morning. In the afternoon the metal was fixed at $377.60, and continued to rise to close at the day's high point.

In Paris the 12½ kilo gold bar was fixed at FFr 51,700 per kilo ($379.61 per ounce) in the afternoon, compared with FFr 51,769 ($379.98) in the morning, and FFr 51,800 ($380.14) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 21,930 per kilo ($376.48 per ounce), compared with DM 21,695 ($372.98) previously.

	October 30		October 26	
Gold Bullion (fine ounce)				
Close	$378½-379½	(£185.10-183.60)	$373-370	(£177.20-179.80)
Opening	$374-370	(£179.20-180.25)	$373-375	(£177.75-178.75)
Morning fixing	$370.00	(£180.189)	$374.50	(£177.680)
Afternoon fixing	$377.00	(£182.504)	$374.00	(£178.085)
Gold Coins				
Krugerrand	$384¼-386¼	(£185-186½)	$384-385	(£181-183½)
Mapleleaf	$390-394	(£188-190)	$370-386	(£176-182)
New Sovereigns	$87½-98¼	(£46-48)	$97-98	(£40¼-47¼)
King Sovs.	$110-112	(£51-54)	$105-109	(£50-52)
Victoria Sovs.	$111-113	(£52-55)	$109-111	(£52-53)
Fr 20 Napoleon	FFr400-415	(SFr160-163)	FFr398-410	(SFr160-155)
50 pesos Mexico	$469-474		$466.50-462.50	
100 Cor. Austria	$307-370		$363-365	
$20 Eagles	$484-490		$488-483	
$10 Eagles	$255-270		$255-270	
$5 Eagles	$210-335		$816-235	

LONDON MONEY RATES

Oct. 30 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ✦	Eligible Bank Bills ✦	Fine Trade Bills ✦
Overnight	—	14⅛	—	—	—	14½	13½-14	—	—	—
2 days notice	—	—	14⅛-14⅜	—	—	—	—	—	—	—
7 days or 7 days notice	—	14⅛-14¼	14¼-14½	—	14¾	14½	13½-13⅞	—	—	—
One month	14⅛-14⅜	14⅞-14⅝	14⅜-14½	15½-15⅛	14¾	14¾	13¾	13⅜	14⅞	14¾
Two months	14⅞-14⅞	14⅝-14⅞	—	14¾-14⅜	15	—	13¾	13⅜	14⅜	14⅝
Three months	14⅞-14⅞	14⅞-14⅞	14½-14⅜	14⅜-14¼	15⅛	15	13¾	13⅞	14⅞	14⅝
Six months	14⅞-14⅞	14⅜-14⅞	14⅜-14½	14⅜-14	15	—	—	—	13⅝	14⅝
Nine months	14⅛-14	14⅞-14⅜	—	14⅝-14¼	14⅝	—	—	—	—	—
One year	13⅞-13¾	14⅞-14¼	13½-14	14¼-13⅞	14⅝	—	—	—	—	—
Two years	—	—	13½-13⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent; four years 13¾-13⅞ per cent; five years 13¾-13⅞ per cent. ✦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14 per cent; four-month trade bills 14⅝ per cent.

Approximate selling rates for one-month Treasury bills 13⅜ per cent; two-months 13¾ per cent; three-months 13⅞-13 27-64ths per cent. Approximate rate for one-month bank bills 14⅜ per cent; two-month 14⅞ per cent; and three-month 14⅞ per cent; one-month trade bills 14⅞ per cent; two-months 14⅞ per cent and three-months 14⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from October 1, 1979. Clearing Bank Deposit Rates for sums at seven days notice 11¼-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills Average tender rates of discount 13.4713 per cent.

WORLD STOCK MARKETS

Bargain hunting lifts Dow 5 in early trade

Investors seeking to pick up bargains following the recent steep slide on Wall Street produced another early recovery movement yesterday in moderate activity.

The Dow Jones Industrial Average was 5.20 firmer at 813.82 at 1pm and the NYSE All Common Index 43 cents higher at $57.48, while rises outnumbered declines by a two-to-one ratio.

Trading volume increased to 19.69m shares from Monday's low 1 pm figure of 16.25m.

Analysts saw the gains as another in the series of short-lived technical rallies that have occurred since the heavy selling [illegible] moves by the Federal Reserve early in the month.

They said news of a 0.8 per cent in the September index of leading indicators was disappointing in that it did not provide any hope for an early easing of credit stringency by the Fed.

Gaming shares were strong. Bally Manufacturing rose $1⅞ to $31, Caesars World ¾ to $17⅜ and Playboy $1 to $15⅞.

Pan-American World Airways added ⅛ at $6⅞. The Civil Aeronautics Board on Monday gave formal backing to Pan-Am's request to buy National Airlines. The deal still needs Presidential approval. National put on ⅛ to $47.

Reliance Electric gained ⅛ to $69. Exxon, which picked up ⅛ to $56⅞, has signed a final merger agreement with Reliance and said it might also buy shares on the open market.

Active Louisiana Land and Exploration lost 1⅞ to $50¾ after rising sharply on Friday on bid speculation.

Sambos Restaurants put on ⅜ to $6⅛. G.D.V., a unit of City Investing, may buy 593,875 shares of a new Sambo's Convertible Preferred stock for $13.6m. GDV slipped ⅛ to $9 but City Investing rose ⅜ to $17⅜.

THE AMERICAN SE Market Value Index, in contrast, shed 0.57 to 201.89 at 1 pm on volume of 2.77m shares (2.25m), dragged down by a retreat in recently firm Oil shares.

Amex volume leader Dome Petroleum fell 4⅞ to $38. It has suspended some Beaufort Sea operations for the winter. Gulf Canada lost 2⅜ to $73⅜. The company holds a stake in some of Dome's Beaufort operations. Aquitaine of Canada receded $3 to $28⅛.

Closing prices and market reports were not available for this edition.

Canada

Stocks presented a mixed appearance at mid-day after another active trade, with Beaufort Sea-related issues leading Oils down after the recent sector rise.

The Toronto Composite index shed 2.9 to 1,539.7 at noon, while the Oils and Gas index declined 73.1 to 3,055.5 and Golds 21.8 to 1,842.5, but Metals and Minerals gained 6.8 to 1,384.0. In Montreal, Papers added 0.40 at 155.34 but Banks eased 0.85 further to 274.14.

Tokyo

The market moved sharply and broadly higher in a fair business yesterday, taking the recent recovery movement a good stage further.

The Nikkei-Dow Jones Average jumped 87.23—the second largest daily increase for this year—to close at 6,406.58. The Tokyo SE index climbed 4.84 to 446.59, while gains on the First Market section outpaced falls by 462 to 155. Volume amounted to 300m shares (280m).

News that the U.S. dollar marked the highest rate for the past 20 months in Tokyo, touching a high of Y237.80 at one point yesterday, gave a sharp boost to export-orientated issues.

Sony moved ahead Y40 to Y1,780, TDK Electronics Y90 to Y1,800, Canon Y30 to Y610, Honda Motors Y16 to Y590 and Toyota Motor Y25 to Y885.

Isuzu Motor rose Y80 to Y322 on reports that General Motors is negotiating to buy engines for its small cars from Isuzu. Yamaha Motor, which on Monday reported development of a new fuel-saving engine, gained Y100 more to Y850, the maximum increase allowed for a single trading day.

Matsushita Electric rose Y14 to Y748 on record third-quarter profits.

Major Investment Trusts actively bought Heavy Electricals, attracted by good earnings prospects, with Hitachi adding Y5 at Y256, Toshiba Y5 at Y168 and Mitsubishi Electric Y3 at Y183.

Chiyoda Chemical, which is to build an oil refinery in Iraq, put on Y25 to Y715.

Australia

Markets were in much brighter mood yesterday, with a number of energy stocks featuring strongly. The Sydney All Ordinaries index advanced 5.56 to 687.77.

Hong Kong investors started to make their presence felt in late dealings on Australian markets yesterday, but their buying was highly selective. Hong Kong has been out of the picture for a while, but it seems the dealers there have been tempted back by the latest developments on the coal front. Apart from the raid on Theiss Holdings staged by CSR, which has not yet died down altogether, there have been announcements of big contracts with overseas utilities.

Oakbridge, which recently arranged a large deal with the British Electricity Authority, were up 16 cents at A$2.51. Coal and Allied, 50 cents stronger at A$8.50, disclosed on Monday night that some of its contracts have now been upgraded both on quantity and on price into a deal worth A$1.4bn.

After Monday's reaction of 24 cents, Thiess firmed 6 cents to A$6.56 on rumours that CSR may re-enter the market for more Thiess shares. CSR, the Sugar and Coal leader, climbed 19 cents to A$4.70. White Industries added 25 cents at A$4.80.

Among Oils, Woodside Petroleum gained 8 cents to A$1.83 on speculation regarding its Walcott No. 1 well on the North-West gas shelf. Southern Pacific Petroleum rose 40 cents to A$7.40 and Central Pacific 50 cents to A$18.00.

Elsewhere, BHP advanced 22 cents to A$9.76 and Consolidated Goldfields 50 cents to A$5.60.

Germany

After further recovering in the early stages, stocks tended to react near the close to finish on a narrowly mixed note. The Commerzbank index was only 0.5 harder on the day at 724.5.

Traders said the market continued to be cautious amid high interest rates and were reluctant to predict any short-term patterns.

Leading Banks managed small net gains, while Bayerische Vereinsbank exceptionally scored an advance of DM 3 and Bayerische Hypothekenbank put on DM 2. Siemens lost DM 1.50 in Electricals, but VEBA, in Utilities, put on DM 1.30.

On the Domestic Bond market, prices were mixed with losses extending to 30 pfennigs and gains of up to 45 pfennigs. The Bundesbank sold DM 31.6m nominal of paper after buying DM 7.2m on Monday. Mark Foreign Loans were mainly little changed.

Paris

Bourse prices showed no clear trend after another light turnover.

News of the suicide of French Labour Minister Robert Boulin dampened investor sentiment, but acting as a helpful factor was the firmness of the French franc.

Banks, Stores and oils were favoured sectors, but declines predominated among Portfolios, Mechanicals, Hotels, Electricals, Chemicals and transportation issues. Foods and Constructions were mixed.

BSN Gervais Danone put on FFr 40 to FFr 860 on sharply higher first-half profits, while Moulinex firmed FFr 1 to FFr 82.5 on increased sales for the first nine months of 1979.

Hong Kong

The market returned from the long holiday week-end in easier mood, reflecting investor caution about the latest increase in the U.S. Prime Rate. Trading was rather quiet, with the Hang Seng index receding 6.26 to 662.22.

Operators were reluctant to open positions ahead of the Exchange Banks Association's interest rate committee meeting this Saturday, with dealers divided on the possibility of a further increase in the local Prime Rate.

Hongkong Bank declined 20 cents to HK$15.00, Hongkong Electric 22.5 cents to HK$4.55 and Jardine Matheson 20 cents to HK$12.20. Hutchison Whampoa shed 10 cents to HK$7.95, Wheelock Marden 7.5 cents to HK$3.575, Cheung Kong 20 cents to HK$17.70 and New World 7.5 cents to HK$3.10.

Against the trend, however, Hongkong Wharf rose HK$1.00 to HK$39.50, Swire Pacific 5 cents to HK$8.45, Hong Kong Hotels 30 cents to HK$24.00 and Sun Hung Kai Properties 30 cents to HK$14.90.

Indices

NEW YORK—DOW JONES

	Oct. 29	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Oct. 22	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
◆Industr'ls	808.62	809.30	805.46	808.36	808.85	809.13	897.61 (5/10)	806.46 (25/10)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	77.56	77.29	77.32	77.24	77.68	78.26	86.10 (16/8)	77.24 (24/10)	—	—
Transport	228.89	228.53	226.87	226.92	228.45	227.02	271.77 (16/8)	206.78 (27/2)	279.88 (7/2/69)	12.32 (8/7/32)
Utilities	98.83	99.58	98.39	98.24	98.27	98.56	109.61 (23/6)	98.24 (24/10)	163.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's†	32,940	29,830	28,700	31,768	32,918	45,240	—	—	—	—

◆ Day's high 816.53 low 804.96

Ind. div. yield %	Oct. 19	Oct. 12	Oct. 5	Year ago (approx)
	6.11	6.93	5.64	5.67

STANDARD AND POORS

	Oct. 29	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Oct. 22	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	112.76	112.59	111.99	112.57	112.56	111.62	124.49 (5/10)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	100.71	100.57	100.00	100.44	100.28	100.71	111.27 (5/10)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Oct. 24	Oct. 17	Oct. 10	Year ago (approx)
Ind. div. yield %	5.46	5.32	5.20	5.09
Ind. P/E Ratio	7.46	7.67	7.30	9.05
Long Gov. Bond Yield	12.30	9.26	2.75	8.67

N.Y.S.E. ALL COMMON

Oct. 29	Oct. 26	Oct. 25	Oct. 24	1979 High	1979 Low
57.26	56.96	56.61	36.83	63.38 (21/9)	53.88 (27/3)

Rises and Falls

	Oct. 29	Oct. 26	Oct. 25
Issues Traded	1,878	1,858	1,882
Rises	732	986	637
Falls	694	521	808
Unchanged	454	321	437
New Highs	3	4	—
New Lows	103	105	—

MONTREAL	Oct. 29	Oct. 29	Oct. 26	Oct. 24	1979 High	1979 Low
Industrial	284.24	281.85	277.86	280.61	332.12 (5/10)	219.18 (2/1)
Combined	289.23	287.42	284.99	287.52	314.85 (5/10)	228.98 (2/1)
TORONTO Composite	1542.6	1527.8	1521.1	1538.4	1804.71 (5/10)	1378.8 (2/1)
JOHANNESBURG Gold	—	375.7	382.0	384.4	417.1 (2/10)	228.4 (17.4)
JOHANNESBURG Industrial	—	377.7	388.6	389.7	397.7 (26/10)	270.5 (2/1)

	Oct. 30	(Previous)	1979 High	1979 Low
Australia (¶)	687.77	682.21	692.63 (2/10)	545.72 (2/1)
Belgium (‖)	102.47	102.40	109.47 (5/10)	98.80 (3/1)
Denmark (**)	90.82	81.88	97.46 (25/7)	88.32 (8/1)
France (††)	92.4	92.5	107.1 (8/10)	71.5 (15/2)
Germany (‡‡)	724.8	724.8	839.6 (16/1)	719.4 (7/6)
Holland (§§)	70.5	70.1	85.9 (24/1)	69.8 (25/10)
Hong Kong	662.22	(c)	685.88 (3/10)	493.83 (2/1)
Italy (‖‖)	—	86.52	93.85 (4/10)	68.33 (2/1)
Japan (a)	446.59	441.75	465.24 (29/9)	435.1 (13/7)
Singapore (b)	395.98	386.45	423.55 (3/10)	346.33 (23/2)

	Oct. 30	Previous	1979 high	1979 Low
Spain (d)	86.57	(c)	111.88 (8/3)	85.67 (30/10)
Sweden (e)	339.38	339.95	401.34 (6/2)	331.37 (24/8)
Switzerld (f)	314.5	315.7	329.1 (2/5)	294.0 (8/1)

All Indices have base values of 100 except NYSE All Common—50; Standards and Poors—10 and Toronto—1,000. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. g Unavailable.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Bally Mfg.	445,200	29⅞	+1⅞
Caesars World	400,300	16¾	+¾
Texaco	347,000	27¾	−¾
Louisiana Land	308,100	52⅝	−1⅞
Mesa Petrolm.	296,800	67⅝	—
Gulf Oil	277,400	32¾	+⅛
General Motors	277,300	55	−1⅛
Southern	276,800	12⅝	+⅛
Exxon	259,800	56⅝	+⅛
Philip Morris	259,800	32⅜	−⅝

NEW YORK

Stock	Oct. 29	Oct. 26
AMF	16⅛	15¼
AM Intl	13⅝	14
ARA	35¾	33¾
ASA	27⅜	27½
Abbott Labs	37	36¼
Acme Cleve	22⅞	20½
Adobe Oil & Gas	35⅝	39

Stock	Oct. 29	Oct. 26
Cooper Inds	37	66
Coors Adolph	13¼	13⅞
Copeland	19¼	12⅛
Copperweld	17¾	19½
Corning Glass	69⅝	66⅛
Corroon Black	95¾	22⅝
Cox Broadcast'g	61	60⅞
Crane	31⅛	30⅝
Crocker Nat	97¾	27⅞

Stock	Oct. 29	Oct. 26
Humana	99¼	22½
Hunt (Philip A)	11¼	11½
Husky Oil	36½	56
Hutton (EF)	17⅜	17¼
Huyck	11½	11⅝
IC Inds	24½	24¾
INA Corp	43	43¼
IU Intl	12	11⅞

Stock	Oct. 29	Oct. 26
Outboard Marine	11¼	11¼
Overseas Ship	92½	99¼
Owens-Corning	93⅞	25⅝
Owens Illinois	17⅞	19½
PPG Inds	30½	30⅛
Pabst Brewing	11¼	11⅝
Pac. Gas & Elect	22	22⅛
Pac. Lighting	90	22¼
Pac. Lumber	44½	44⅞

Stock	Oct. 29	Oct. 26
Tonka	12½	9⅛
Total Pet	18⅝	18⅛
Trane	17⅛	16⅛
Transamerica	16⅝	16½
Tranaco	34	34⅜
Trans Union	31½	31¾
Transway	21⅞	21¾
Trans World	12¾	16¾
Travelers	33⅝	33½
Tri Continental	17½	17⅛

GERMANY ◆ — TOKYO ¶ — AUSTRALIA — STOCKHOLM — AMSTERDAM — BRUSSELS/LUXEMBOURG — OSLO — JOHANNESBURG — PARIS — SWITZERLAND ♣ — COPENHAGEN ✤ — MILAN — VIENNA — CANADA — BRAZIL — SPAIN ♥

NOTES: Belgian dividends are after withholding tax.

◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.

♥ Pta 500 denom. unless otherwise stated.

✤ DKr 100 denom. unless otherwise stated.

♣ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Financial Rand U.S.$0.81½ (Discount of 33%)

New wool futures market plan

By Our Commodities Staff

A NEW London crossbred wool futures contract — trading in New Zealand dollars — is being planned in an attempt to revive interest in the market.

Representatives from the London Wool Terminal Market Association were due to leave for New Zealand this week to discuss the proposed new contract, which, it is hoped will be introduced in January next year.

The new contract, which will have delivery points in New Zealand, would replace the existing London crossbred wool futures market that was launched in July last year but has received little support. Trading activity is at a very low ebb, even though wool prices have been firmer in the past year.

The removal of exchange contract restrictions last week will enable UK residents to use the market easily, despite the prices being quoted in New Zealand dollars.

Experience with other futures markets, notably cotton, is that trading in a "foreign" currency tends to discourage local interest.

At the same time, there are considerable doubts as to whether a London wool futures market will ever attract much interest. The trade has little need to "hedge" against price fluctuations, with wool producing countries preventing the market falling below guaranteed levels.

However, in the event of a boom the London market could offer the only protection against fluctuations in crossbred prices, which often move in a different direction to the Australian merino wool futures market in Sydney.

Animal feed output down

BRITISH PRODUCTION of compound feeding stuffs declined to 723,400 tonnes in August from 804,300 tonnes in July, but was above the 691,800 tonnes for August 1978, the Home Grown Cereals Authority said yesterday.

The largest feed output was for cattle and calf at 294,600 tonnes in August (against 320,100 tonnes and 276,500 tonnes respectively), followed by poultry food at 252,300 tonnes (against 282,000 tonnes and 243,000 tonnes).

Reuter

Selling pressure pushes coffee prices lower

BY RICHARD MOONEY

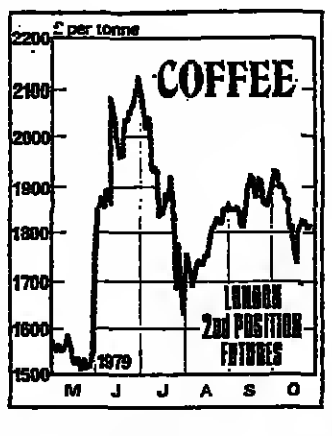
COFFEE FUTURES values lost further ground on the London market yesterday despite an overnight rise in New York.

Prices had been expected to open higher but early commission house selling, possibly on behalf of the "Bogota" producer group, pushed the market lower in early dealings.

The January quotation slipped to £1,793 a tonne during the morning but after a modest late rally ended the day £16 down at £1,804.5 a tonne.

Some dealers said the early decline may also have been encouraged by "bearish" interpretations placed on an announcement by the Brazilian Coffee Institute that it is to offer buyers of Brazilian coffee a guarantee against any subsequent price decline on the international market.

From today the IBC will undertake to reimburse the difference between the International Coffee Organisation indicator price for unwashed arabica coffee on the day before the registration of the sale and the average daily ICO price 31 to 45 days after shipment.



Any repayment would be in "avisos de garantia" or credit notes.

In Brussels meanwhile, a spokesman for the Colombian Coffee Growers' Federation said there were "absolutely no problems" with the country's coffee crop.

Commenting on trade reports in London that cold weather and flooding had damaged the crop he said coffee growing regions were completely unaffected and weather there was normal for the time of year.

In any case, he added the growing areas are "unfloodable" and can only be damaged by persistent rain over a long period, which has not been the case.

London coffee traders said the statement did not affect futures prices.

But they said it did cause some confusion as it conflicted with their own private reports which suggested that the rains had hampered harvesting in one important growing area and may have caused some crop losses.

● The International Coffee Organisation will meet to review the market situation if average prices move above 223.67 cents a lb or below 168.27 cents, according to an ICO statement issued yesterday.

Under a formula agreed in September, a special meeting of the Organisation's executive board is triggered if the composite indicator price under the 1976 International Coffee Agreement moves outside this range.

Meat price cutting attacked

BY RICHARD MOONEY

PRICE-CUTTING meat retailers are in danger of driving their suppliers out of business, a British butchery chief warned yesterday.

Mr. Colin Cullimore, managing director of Dewhursts, Britain's biggest high street butchery chain, noted that average retail meat prices have risen only 7.2 per cent in the past year—"less than half the rate of inflation."

Meanwhile, he said, producer, abattoir owner, wholesaler and retailers' costs had all risen in line with the general inflation rate.

"If businesses can increase volume then they can contain expenses and work to lower margins because of higher turnover," Mr. Cullimore said, "but if the total market is static, prices have got to move in relation to costs."

He said the total volume of meat available for consumption this year was virtually the same as in 1978, "but total supplies for 1980 are forecast to be down."

The poultry sector was also experiencing serious problems.

"Poult placings are up all over the EEC," Mr. Cullimore said. The rise in the UK over the past year was 12 per cent and in Denmark over 50 per cent. And turkey stocks in the UK were 25 per cent up on a year ago.

As a result, chicken prices had risen only 4p a lb and turkey prices only 2p.

The story this Christmas was likely to be the same as last year, Mr. Cullimore said:—"cut price to stimulate trade."

He noted that some supermarkets were already selling turkeys at about 52p a lb. "This is only the cost of production plus transport and interest rates —without any profit margin at all."

Average retailers would have to charge well over 60p a lb to show a reasonable return.

Smithfield show deal

BY OUR COMMODITIES STAFF

THE ROYAL Smithfield Show is to continue to be held at Earls Court, London, for the next 21 years under an agreement signed yesterday.

Mr. Leonard Potter, chairman of the Smithfield Show Joint Committee, said agreement had been reached after lengthy negotiation. He noted that Earls Court was being given a £6.5m "facelift".

Mr. Potter noted that up to the end of August this year, the UK had exported £458.8m worth of agricultural implements and tractors.

Not all export markets had recovered as well as hoped as a result of oil price increases, he said, but Britain continued to export almost three quarters of its tractor production and more than half of farm machinery output.

Ivory Coast cocoa sales still halted

By Mark Webster

THE IVORY COAST has apparently not re-started shipments of cocoa, although substantial quantities of the main crop are now being brought down to the ports from up country, local traders and shippers confirmed yesterday.

Reports have been circulating that the Ivory Coast, the world's biggest cocoa producer, had lifted export restrictions it imposed on October 18 in order to meet existing contractual obligations.

But traders did say they were applying for export licences for November, as the present crop would have formed a substantial backlog in the ports by then.

The Ivory Coast originally suspended shipments because the world market price for the commodity was so low. But traders believe there may be hiccups in supply because of growing fears that this year's crop will be well down on early estimates of around 312,000 tonnes.

Continuing heavy rain has already delayed the current season by at least five weeks, and may cause considerable damage if the crop cannot dry out.

Experts are tentatively estimating a crop of 275,000 tonnes.

Egypt denies sugar crop damage

By Our Commodities Staff

REPORTS THAT flooding had destroyed half of the Egyptian sugar crop were completely incorrect, it was claimed yesterday. Hassan Hamani, Under-Secretary at the Agricultural Ministry, said damage to the crop was minimal.

The London sugar futures market had already discounted damage to the Egyptian crop, but prices continued to slide yesterday in the absence of any fresh "bullish" news.

The London daily price for raw sugar was cut by £5 to £150 a tonne, and March futures lost nearly £2.50 to £165.175.

Zinc oxide

NEW YORK — Asarco said yesterday it had increased the price of zinc oxide by 2 cents a lb.

The company said the price of American process was now 44.5 cents a lb and French process 46 cents.

Reuter

PRECIOUS METALS

Growing importance of Chicago futures

BY A CORRESPONDENT

THE TENTH anniversary of the silver futures market on the Chicago Board of Trade later this year is expected to be celebrated with the fifth consecutive year of record trading. And on the Chicago Mercantile Exchange, trading in gold futures is confidently expected to reach a record volume for the fourth year in succession.

Although the Commodity Exchange in New York (Comex) remains the leading gold and silver market, Chicago is very pleased with its progress in expanding into precious metals futures trading and partially displacing New York despite a much later start.

Comex resumed trading silver futures in 1963 after a 30-year hiatus. But the Chicago Board of Trade silver contract was not introduced until late 1969. Initiated at the beginning of an inflation-afflicted decade, the Board's timing could not have been better.

In the first full year of trading, 362,000 silver contracts changed hands at the CBoT which had previously been known almost exclusively for its wheat, maize and soyabean futures markets.

By 1973, silver trading volume in Chicago had more than quintupled, past the 1.6m-contract level, while in New York it was nearly 2.5m contracts. In the first six months of 1979, Chicago brokers traded 1.7m futures and New York 2.5m.

Both the Chicago Mercantile Exchange and Comex got an equal start on gold trading, when on the last day of 1974, U.S. citizens were given the right to own gold for the first time since 1933. The CME was known generally for livestock futures markets, but has since expanded rapidly into financial instrument markets as well as gold.

Both exchanges have enjoyed steady growth in gold futures trading gaining spectacularly last year when volume in New York nearly quadrupled to 3.7m contracts and tripled in Chicago to 2.8m. In both cities, the level of 1979 volume is one item that has matched the pace of inflation —by June volume in New York nearly passed 3m futures and in Chicago 2m.

The Board of Trade also has a gold contract, but weaknesses in contract specifications, now modified, prevented it from taking off. All three gold contracts are of 5,000 troy ounces with a fineness of no less than .995. Silver contracts in New York and Chicago are also of 5,000 troy ounces with a fineness of .999.

New York, of course, is the country's financial centre. But its monopoly in precious metals trading has been broken by the Chicago exchanges using their status as the biggest commodity futures markets in the world.

In some ways, both markets benefit from competition. Heavy arbitrage trading — the simultaneous purchase and sale of identical commodities at different exchanges — has played a key role in promoting volume everywhere.

By exploiting unwarranted price differences between the markets, arbitrageurs help keep precious metals prices in line across the entire country.

Another key factor boosting silver volume is the practice of tax spreading, which can be depended on each year to cause a steady rise in trading during November and December. Spreading is the simultaneous purchase and sale of contracts in one pit. By deliberately incurring a loss, brokers can roll taxable income from one tax year to another.

In December of each year, many traders buy a deferred February contract and sell a deferred April future, hoping for a rise in prices. If silver goes high enough that the loss from the "short" April sale equals the taxable income the broker wants to "roll over" to the new year. The short April position will be bought back before the end of the year, while the long February position is maintained. At the same time, as protection against a decline in prices, the broker sells "short" another contract, probably June.

During the first sessions of the new year, the broker liquidates the spread entirely, pocketing the gains as new-year income and treating the end-of-the-year loss as a tax write-off.

There are many variations on this game, and the U.S. Internal Revenue Service decided in 1977 that they violate the law. The ruling has been challenged in court, and it is difficult to enforce anyway. But a number of definitive court rulings supporting the government could cut into the growth the silver markets have enjoyed.

New York silver margins revised again

BY DAVID LASCELLES IN NEW YORK

THE NEW YORK Commodity Exchange (Comex), has once again revised the rules for trading in silver futures as part of its attempts to restore order and liquidity to these highly volatile markets.

It announced yesterday a new three-tier system for margins—the money traders must put up to buy or sell futures contracts.

As from yesterday, the margin on purchases of one to 500 contracts is $10,000 per contract; on 501 to 1,000 contracts $20,000, and $30,000 on more than 1,000 contracts. In addition, though, the Comex said that as from November 12 these margin requirements would apply retroactively to all contracts.

The rule will particularly affect those traders who took up positions in the summer when margin requirements were only $1,500 per contract.

The Comex move appears to be an acknowledgement that its decision last week to double margins to $50,000 for all contracts has not worked. According to market sources, this heavy requirement drove many speculators out of the market and brought trading to a virtual standstill. There were further price falls yesterday as traders assessed the new margin requirements.

In Washington yesterday, the Commodity Futures Trading Commission decided to take no action on setting limits on the number of positions an individual trader can hold.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lower on the London Metal Exchange despite the weakness of sterling. Forward metal opened at £960 and moved up to £966 as the pound lost ground against the dollar. However, in the second ring heavy selling, thought to have been speculative liquidation, depressed the price to £960. Values edged higher in the early afternoon as sterling came under additional pressure but a poor opening on Comex caused a further downturn in London which pared forward metal to £955 on the late kerb after a low of £950. Turnover 18,025 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £952, three months £966, 65, 66, 63, 62, 63, 64, 63. Cathodes, cash £939, 39.5, 39, three months £946. Kerb: Wirebars, three months £963, 62, 63. Afternoon: Wirebars, three months £957, 58, 57, 56, 58, 59, 58. Kerb: Wirebars, three months £955, 52, 50, 51, 50, 53, 52, 55, 54, 55.

TIN—Edged higher with the market sustained by the fall in sterling. Forward metal opened at £7,330 and moved up steadily to close the late kerb at £7,370, after £7,380. Turnover 835 tonnes.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	771.80p	+21.8	782.5p	+28.5
3 months	790.00p	+22.2	800.5p	+28
6 months	805.60p	+25.7	—	......
12months	829.60p	+16.7	—	......

[illegible]

I.G. Index Limited 01-351 3466. Three month Silver 795-803
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the small investor.

CORAL INDEX: Close 435-440 (−10)

INSURANCE BASE RATES

† Property Growth	13½%
† Vanbrugh Guaranteed	13½%

† Address shown under Insurance and Property Bond Table.

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

SILVER

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

JUTE

[illegible]

COTTON

[illegible]

MEAT/VEGETABLES

[illegible]

WOOL FUTURES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 30 1979	+ or —	Month ago
[illegible]			

AMERICAN MARKETS

NEW YORK, October 30.

GOLD CLOSED higher on dealer buying ahead of the U.S. balance of trade figure, while silver closed lower on light Commission House liquidation. Shortcoverings in copper toward the close rallied prices to show gains after showing losses earlier in the day. Cotton was firm on reports of hail damage in Texas. [illegible]

††Maize—Dec. 262¼-262½ (261¾), March 280¾-280½ (278¾), May 292½-292¾, July 299½-299¾, Sept. 302½, Dec. 304¾.

Pork Bellies—Feb. 48.25-48.00 (46.40-48.12), March 48.60-48.10 (46.67-48.35), May 49.50, July 50.65, August 49.35. Sales 8,950.

Silver—Nov. 1638.0 (1605.0), Dec. [illegible]

EUROPEAN MARKETS

ROTTERDAM, October 30.

[illegible]

INDICES

FINANCIAL TIMES

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

REUTERS

[illegible]

Economic and industrial doubts combined with sterling anxieties quickly reverse attempt to extend rally

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct. 22	Nov. 1	Nov. 2	Nov. 12
Nov. 5	Nov. 15	Nov. 16	Nov. 26
Nov. 19	Nov. 29	Nov. 30	Dec. 10

* "New time" dealings may take place from 9.30 am two business days earlier.

Renewed weakness in sterling yesterday, which unnerved already provoked renewed anxieties about interest rates, soon dashed early hopes of a continuation of Monday's technical recovery movement in stock markets. Once again, Government Securities set the trend and the abrupt turnaround in this sector found quick reflection in leading shares.

Views that the previous day's technical recovery in the main investment sectors could be fragile were soon confirmed as pessimism returned about the UK economic and industrial outlook following banner midday newspaper headlines on the Confederation of British Industry's latest findings and the National Coal Board's wage offer to the miners.

As nervous selling both of Government stocks and equities increased, early gains were rescinded and although recoveries were attempted they proved to be short-lived. Most securities closed at the lowest of the day and the FT 30-share index more than lost Monday's gain to close 7.7 down at 439.1, after having shown a rise of 2.4 at 11 am. Fears about possible repercussions on industry during the winter from the proposed 10 per cent cutback in North Sea oil supplies were also an unsettling factor.

Sterling worries were the main cause of the about-turn in gilt-edged. Pre-market indications were of an extended recovery, but the fall in the pound made short-term holders nervous and the market vulnerable to the extent that the new fully paid long tap stock, Exchequer 12 per cent 1999-2002 "A" reacted from 92½, which represented a rise of ⅛, to 91⅞ in dealings after the official close.

Transport 3 per cent 1978-88 also suffered a fair sized loss of ⅞ to 61⅞, but movements elsewhere in mediums and longs were more modest. The shorts, too, continued to decline in the after-hours' trade with the larger falls being sustained by the currently unfashionable low-coupon stocks.

Activity in Traded options returned to more active levels, 1,186 contracts being completed, compared with Monday's lull in business when only 653 deals were arranged. Interest was well to the fore recording 435 trades, while Cons. Gold Fields remained in demand with 331, 221 of which were dealt in the January 280 series.

Although early interest in newcomer Quest Automation soon faded, the price touched 155p, after having opened at 125p, and closed at 136p, a premium of 51 on the placing price of 85p. The shares are dealt under special rule 163 (2) A. Gresham House, which has a near 40 per cent stake in Quest, rose to 215p before settling 5 cheaper on balance at 200p. Vitatron attracted renewed investment support and gained 5 more to 282p.

Banks dull

Publicity given to a broker's adverse circular unsettled the major clearing banks which closed with falls ranging to 10. Barclays, 395p, and Lloyds, 288p, ended that much lower, while NatWest declined 9 to 328p and Midland cheapened 6 to 338p. Bank of Scotland gave up 4 to 256p and Royal Bank of Scotland lost 3 to 81p. Elsewhere, falls of 3 and 4 respectively were seen in Guinness Peat, 98p, and Hambros, 300p. Quietly dull conditions returned to Insurances. Royals lost 5 to 320p, while GRE, 234p, and Sun Alliance, 516p, relinquished 4 apiece.

Although a firmer trend was discernible at the outset, Breweries and associated issues soon succumbed to selling and most prices finished at the day's lowest. Arthur Guinness fell 5 at 176p, while Greenall Whitley gave up 3 at 156p. Belhaven lost a similar amount at 33p following publicity given to the auditor's reservations on the annual accounts. Davenports, however, provided a rare firm feature with option business helping to lift the price 3 to 119p. Distilleries traded quietly and closed with small falls. Arthur Bell eased 4 to 184p, after 182p.

Sellers eventually gained the upper hand in Buildings and the losses were extended in after-hours' dealings. Among the leaders, Blue Circle lost 4 to 250p and Tarmac 3 to 185p. Timber issues came under pressure with International 4 off at 104p and Montague L. Meyer and Magnet and Southerns both a couple of pence cheaper at 90p and 150p respectively. Half-yearly profits below market estimates and the Board's cautious remarks left Mallinson-Denny with a fall of 4½ at 53p. Against the trend, Phoenix attracted speculative support and put on 7 to 157p. Elsewhere, SGB, a good market of late on bid hopes, succumbed 5 to 268p on profit-taking, but MDW firmed 3 to 57p in response to improved interim profits.

A squeeze on short market positions lifted ICI 10 to 346p before selling intensified again and the shares fell back to close at 335p, down 7 on balance. Laporte eased 2 to 96p; the new oil paid shares also shed 2, to 2p premium. Elsewhere in Chemicals, Carless Capel added 2 at 61p, buyers being drawn by the company's oil interests.

Burton fall further

Burton "A" came under renewed selling pressure in Stores and fell 16 further to 230p, after 228p; the shares have now fallen 58, or 21 per cent, since the beginning of the month as speculative enthusiasm has been dampened by the absence of any bid or enfranchisement developments. Mothercare, however, still drawing strength from favourable comment on the better-than-expected interim results, hardened 2 more to 190p. Investment demand lifted Harris Queensway 6 to 320p, while Home Charm picked up 4 to 137p and A. G. Stanley hardened 3 to 72p. J. Hepworth edged forward a penny to 68p following the satisfactory preliminary figures. In Shoes, Ward White, at 81p, recorded a Press-inspired rise of 4.

A firm market of late on talk of a bid, possibly from Racal Electronics, Decca "A" fell 16 to 313p, after 310p, on the chairman's disclosure at the annual meeting that the company intends to sell most of its music publishing and recording interests to the U.S. PolyGram concern in a cash deal, which the group hopes to conclude in the next two to three weeks. GEC gave up 9 to 322p and Plessey lost 3 to 114p. Elsewhere, Ward and Goldstone dipped 4 to 78p as did Farnell Electronics, to 246p.

Leading Engineers followed the general trend, closing well down on the day after an initial improvement. Vickers finished 6 cheaper at 120p along with Hawker, at 152p. Tubes gave up 4 at 272p and John Brown settled a few pence cheaper at 63p, after 68p. Elsewhere, interest was at a low ebb, but B. Elliott drifted off to close 4 cheaper at 216p. Similar losses were marked against Spear and Jackson, 112p, and Pegler Hattersley, 118p, while Mining Supplies eased 3 to 73p. Against the trend, Ash and Lacy picked up 4 to 186p and Linread responded to the increased dividend and annual profits with a rise of 2 to 27p.

Foods drifted down on small selling and the absence of fresh support. J. Sainsbury eased 5 to 280p and Associated Dairies 4 to 248p, while A. B. Foods shed 3 to 82p. Rowntree Mackintosh, however, moved against the trend at 180p, up 2.

In Hotels and Caterers, Grand Metropolitan came under selling pressure and lost 4 to 139p. Trusthouse Forte eased 2 to 144p and Ladbroke a penny to 180p, after 183p. The interim loss left Savoy A 3 cheaper at 97p, while Prince of Wales shed 2 to a 1979 low of 77p.

Monday's technical rally by the miscellaneous industrial leaders proved short-lived as quotations reacted sharply yesterday on consideration of several bearish factors, including a very gloomy economic survey from the CBI. Glaxo led the retreat at 423p, down 17, with sentiment additionally aggravated here by adverse comment on the annual report and accounts. Beecham lost 7 to 130p and Unilever declined 6 to 484p, while Boots, 166p, and Bowater, 159p, cheapened 4 apiece. Initially up to 170p after impressive third-quarter profits from its subsidiary Reed Paper, Reed International ran back later on disappointment with the group's first-half figures which failed to match best expectations and closed a few pence easier on balance at 162p. Elsewhere, Ricardo, 356p, and Steetley, 172p, gained 4 apiece, but Vinten fell 10 to 140p and J. Hewitt declined 6 to 42p as did Highgate and Job to 47p.

Dealings were resumed in both CGSB and Manor National: the former ended at 42½p (compared with the suspension price of 36p) to match the offer terms from Manor, which closed at 24½p or 2 above the price prevailing at suspension. Selected other Motor Distributors also went against the general market trend on hopes of further takeover activity within the sector. Appleyard featured with a rise of 5 to 70p, while Caffyns, 124p, and Henlys, 109p, added 2 apiece, the last-named to record a two-day gain of 8. British Car Auctions were also firm, rising 1½ to 61p in front of the preliminary results, expected on Monday. Among irregular Components, Lucas, a dull market of late, added 2 to 203p, while Zenith rose 5 to 81p on revived bid hopes following clarification of the Matra-Solex deal.

Firmer at the outset, Properties eventually succumbed to revived selling pressure which left Land Securities 4 off at 272p, after 280p, and MEPC 2 cheaper at 162p, after 167p. Great Portland Estates touched 199p before settling at 193p, down 5 on balance, while Haslemere, at 270p, gave back all of the previous day's gain of 4 which stemmed from a broker's recommendation. Profit-taking clipped 10 from Bernard Sunley to 615p, but Capital and Counties hardened a penny to 88p, after 90p, on bid hopes.

British Petroleum traded quietly around the overnight level of 346p before settling a couple of pence better at 378p; the Government sale details are expected today. Interest in secondary issues centred on the requotation of Lasmo and Oil Exploration following the merger terms; Oil Exploration settled at 542p after extremes of 518p and 548p compared with last Thursday's suspension price of 535p, while Lasmo closed at 290p after opening at 272p and touching last Thursday's suspension price of 296p. Premier, which holds an 8.9 per cent stake in Oil Exploration—and is supporting the merger, touched 45p before settling ½ cheaper on balance at 43p.

Among Overseas Traders, Harrisons and Crosfield rose 12 to 587p, after 612p, following the mid-term results.

Shippings closed with small falls after a quiet business. Furness Withy gave up 5 to 247p, while Ocean Transport fell 3 to 99p. Walter Runciman provided an isolated firm spot, ending 6 better at 94p on demand in a thin market.

The Gold share market staged a strong recovery after the heavy losses sustained in the previous three days. A steadier trend in the bullion price—finally $5 firmer at $379 an ounce encouraged persistent Continental and Johannesburg buying interest in the morning and early afternoon, which was followed by American support in the after-hours' trade. The Gold Mines index regained 6.3 to 193.8.

Heavyweights registered gains of up to ¾ as in Randfontein, £25½, and Vaal Reefs, £17½, while rises of a half-point were common to West Driefontein, £23¾, and President Brand, £11½. In the medium and lower-priced issues Kloof and East Driefontein were outstanding; the former advanced 67 to 864p and the latter 46 to 743p.

Gold Fields were again the most active stock in Financials; despite cool official comment on the recent bid rumours, the shares edged higher to 313p before profit-taking brought the price back to 305p, for a net fall of 5. Other London Financials were generally firmer despite the weakness of UK equities.

South African Financials were marked up in line with Golds. GFSA climbed almost a point to £21 with the shares additionally buoyed by the speculation surrounding the London parent company.

Transvaal Consolidated Land regained a half-point of the previous day's ¾ fall which preceded news of the increased profits and dividend.

A heavy two-way business was reported in Australians where the Rundle oil-shale partners and CGFA were particularly in demand.

Sizeable London buying lifted Central Pacific Minerals a half-point to £10½ and Southern Pacific Petroleum 28 to 410p, while CGFA responded to the rumours concerning Gold Fields with a further 35 rise to 365p, a two-day improvement of 55. Coals gained further ground. Oakbridge put on 8 to 132p and Utah Mining Australia 5 to 215p.

FINANCIAL TIMES STOCK INDICES

—	Oct. 30	Oct. 29	Oct. 26	Oct. 25	Oct. 24	Oct. 23	A year ago
Government Secs.	68.17	69.33	68.86	69.10	69.02	70.81	69.58
Fixed Interest	70.09	69.98	69.89	69.94	70.46	71.01	70.52
Industrial	439.1	446.8	440.2	447.1	449.5	462.0	478.9
Gold Mines	193.8	187.5	193.6	200.7	205.9	200.5	143.4
Ord. Div. Yield	7.63	7.50	7.60	7.49	7.45	7.35	5.87
Earnings, Yld. % (full)	18.40	18.10	18.34	18.06	17.97	17.51	15.67
P/E Ratio (net) (*)	6.69	6.81	6.72	6.82	6.86	7.04	8.43
Total bargains	18,062	15,740	17,140	18,124	19,640	16,958	—
Equity turnover £m	—	68.07	90.45	129.90	132.52	99.72	87.68
Equity bargains total	—	18,410	13,076	14,419	15,340	11,654	12,894

10 am 447.1. 11 am 449.2. Noon 444.7. 1 pm 442.4. 2 pm 441.6. 3 pm 440.6.
Latest Index 01-246 8026.
*Nil=0.41.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	73.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	65.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	439.1 (30/10)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	260.0 (2/10)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Oct. 30	Oct. 29
Daily		
Gilt Edged	135.9	142.8
Industrials	126.9	131.5
Speculative	67.0	46.4
Totals	89.3	88.9
5-day Av'ge		
Gilt Edged	118.1	113.5
Industrials	135.1	140.8
Speculative	48.6	43.1
Totals	90.2	81.9

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (5)

CORPORATION LOANS (1)
Bristol 13½pc 1981
DRAPERY & STORES (1)
Paradise (B.)
ENGINEERING (1)
Adwest
OILS (1)
Viking Oil
TRUSTS (1)
Gresham House

NEW LOWS (62)

BRITISH FUNDS (2)
Exchq. 3pc 1984 Exchq 12pc '99-02 A
AMERICANS (1)
Owens-Illinois
CANADIANS (2)
Rio Algom Toronto Domin. Bank
BEERS (1)
Belhaven Brewery
BUILDINGS (4)
Armitage Shanks Streeters of Godalming
Beechwood Tilbury Contracting
CHEMICALS (2)
Coates Brothers Laporte Inds.
ELECTRICALS (2)
BICC Phicom
ENGINEERING (10)
Acrow I.M.I.
Babcock Internat. Lloyd (F. H.)
Bamfords London & Midland
Birmingham Pallet Northern Eng.
British Aluminium Pegler-Hattersley
Cummins 7¾/94 Spear & Jackson
Delta Metal Vickers
Expanded Metal Walker (C. & W.)
Hawker Siddeley Woodhouse & Rixson
HOTELS (1)
Prince of Wales
INDUSTRIALS (10)
C. H. Inds. Oce Finance
Cole (R. H.) Plastic Cons.
Glaxo Rexmore
Hallam Sleigh Rockware
Mettoy Unicorn Inds.
LEISURE (1)
Norton & Wright
MOTORS (1)
Armstrong Equipment
NEWSPAPERS (2)
News Int. Webster Pub.
PAPER (1)
Brunning
TEXTILES (3)
Notts. Manufacturing Parkland A
Nova (Jersey)
TOBACCOS (1)
Imperial
TRUSTS (7)
Aberdeen Trust Northern American
Anglo Amer. Secs. Tribune Inv.
Anglo-Scottish Inv. Authority Inv.
C.L.R.P.
OILS (1)
Shell Transport 7pc Pf.
TEAS (1)
Empire Plantations
MINES (1)
De Beers 40pc Pf.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	72	2
Corpns. Dom. and Foreign Bonds	23	4	39
Industrials	223	307	877
Financial and Prop.	108	193	280
Oils	10	20	20
Plantations	7	6	15
Mines	63	12	50
Others	77	37	37
Totals	544	519	1,300

LONDON TRADED OPTIONS

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	325	58	—	74	34	—	—	377p
BP	375	28	—	38	80	—	—	"
BP	400	15	14	28	2	—	—	"
Com. Union	130	18	—	16	1	10	—	139p
Cons. Gold	200	—	—	—	—	—	—	308p
Cons. Gold	220	93	10	102	—	—	—	"
Cons. Gold	240	73	5	82	3	—	—	"
Cons. Gold	260	56	47	65	—	75	—	"
Cons. Gold	280	39	221	48	1	62	—	"
Cons. Gold	300	28	46	59	—	48	—	"
Courtaulds	80	7	—	18	—	15	—	85p
Courtaulds	110	3¼	5	—	—	—	—	"
GEC	360	8	1	21	10	35	—	325p
GEC	390	4	0	12	—	25	—	"
GEC	420	—	—	—	—	—	—	"
Grand Met.	158	5½	8	—	—	—	—	140p
ICI	300	47	—	56	6	—	—	337p
ICI	330	24	—	29	4	45	—	"
ICI	360	8	8	15	3	25	—	"
ICI	390	3½	33	7	32	16	—	"
Land Secs.	300	0	31	14	—	21	7	272p
Marks & Sp.	80	7½	—	12	10	14	4	81p
Marks & Sp.	100	3½	—	7½	2	10	—	"
Totals			432		182		4	

Option	Ex'rcise price	November Closing offer	Vol.	February Closing offer	Vol.	May Closing offer	Vol.	Equity close
BOC Intl.	70	1	—	2½	1	6	—	68p
Boots	180	3	—	9	12	16	—	167p
EMI	110	33	—	40	1	42	—	139p
EMI	120	23	—	29	89	33	—	"
EMI	130	15	24	22	—	24	—	"
Imperial Gp.	80	5	—	7	20	7¼	10	85p
Imperial Gp.	90	1	—	2½	176	3½	317	"
Imperial Gp.	100	¼	8	1	—	1¼	—	"
RTZ	280	20	27	41	—	51	—	301p
RTZ	300	11	33	26	7	40	—	"
RTZ	330	4	—	12	10	25	—	"
Totals			100		310		227	

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Oil Exploration	10p	19	542	—	560	210
GEC	25p	12	322	−9	456	311
Cons. Gold Fields	25p	11	305	−5	314	178
ICI	£1	9	335	−7	415	314
LASMO	25p	9	290	—	306	124
Burmah Oil	£1	8	183	—	197	82
De Beers Dfd.	R0.05	7	367	+7	482	332
Euro. Ferries	25p	7	105	−1½	163	105
Land Secs.	50p	7	272	−4	323	244
NatWest Bank	£1	7	328	−9	406	278
Reed Intnl.	£1	7	162	−3	199	149
Shell Transport	25p	7	340	−4	402	278
BAT Inds.	25p	6	255	−5	362	254
Beecham	25p	6	130	−7	189	130
Glaxo	50p	6	423	−17	600	423

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tions	For Settle-ment
Oct. 29	Nov. 9	Feb. 7	Feb. 18
Nov. 12	Nov. 23	Feb. 21	Mar. 3
Nov. 26	Dec. 7	Mar. 6	Mar. 17

For rate indications see end of Share Information Service

Call options were dealt in Inter-City, Cons. Gold Fields, Shell Transport, Burmah, Debenhams, Kitchen Queen, Ladbroke Warrants, KCA, EMI, Grattan Warehouses, Chubb, Premier Oil, Poseidon, Marshalls Universal, Davenports' Brewery, British Land and MFI. No puts were dealt in, while a double was arranged in Burton A.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+or−	Div.	Times Covered	Gross Yield	P/E Ratio
¶	F.P.	19/10	105	78	Fogarty (E.) Defd.	80					
155	F.P.	—	175	158	Link House 20p	165		u7.0	1.7	6.3	13.3
85	F.P.	—	160	125	Quest Autom'n 10p	136		b1.0	5.5	1.1	37.1
—	F.P.	—	12	8	Stewart Nairn	8		0.15	6.0	2.5	7.8
F.17.50	F.P.	—	285	232½	Vitatron N.V. Fl.0.20	282	+5	bFl.0.45	2.3	5.7	11.5

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+or−
£10			12	12	Cambridge Water 8% Red. Pref. 1984	12	
	F.P.	28/11	102	101	Eastbourne Waterworks 8% Red. Pref.	101	
	F.P.	23/11	105p	103p	Forminster 10½% Cum. Prf.	103p	
$100	F.P.	—	100	99	Hill Samuel Floating Rate Notes 1989	99⅞	
98¼	F.P.	10/11	99¼	98¼	London Trust 13¼% Deb. Stk. 2000-04	98¼	
	F.P.		90	87	Lonrho 9% 2nd Mort. Deb. 87/92		
	F.P.		90	85	Do. 12½% 2nd Mort. Deb. 85-90		
	F.P.				Do. 13⅜% 2nd Mort. Deb. 80-83		
	F.P.	6/11	99¾	96¼	Mucklow A. & J. 13¼% 1st Mt. Db. 2000-05	96¼	
	F.P.	—	105	104	Startrite Eng. 11¼% Cum. Pref.	104	
	F.P.	7/9	103p	99½p	Stonehill 10% Cum. Prf.	99½p	
10p	F.P.	—	104	101¼	Wintrust 10½% Cum. Prf.	100¼	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+or−
A$4.80	Nil	—	320pm	245pm	BH Proprietary	260pm	+10
30	Nil	14/11	7/12	18pm	7pm	Cope Sportswear	13pm
44	F.P.	7/11	30/11	6pm	3pm	Francis Inds.	5pm
96	F.P.	2/10	16/11	111p	87½	Hepworth Ceramics	104
46	Nil	9/11	6/12	8pm	4pm	Ibstock Johnsen	5pm
SM1.3	Nil	—	—	60pm	40pm	Kolim	40pm
95	Nil	—	—	6pm	4pm	Laporte Inds.	4pm
50	Nil	15/11	4/1	6pm	3pm	M. Y. Dart	4pm
45	Nil	18/10	16/11	60	52	Wace Group	58
500	F.P.	—	—	600	575	Walter Duncan & Goodricke	575

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Oct. 30, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Oct. 29 Index No.	Fri., Oct. 26 Index No.	Thurs., Oct. 25 Index No.	Wed., Oct. 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (173)	219.78	−1.1	19.48	6.75	6.54	222.28	220.87	223.45	227.15	233.46
2	Building Materials (27)	217.99	−0.5	18.42	6.40	7.00	219.11	217.33	219.48	224.39	201.77
3	Contracting, Construction (29)	351.54	−0.1	25.80	6.75	4.82	351.99	350.23	353.87	362.11	367.53
4	Electricals (15)	548.16	−2.0	14.79	4.24	9.05	559.47	552.79	561.27	569.26	539.29
5	Engineering Contractors (12)	304.57	−1.2	23.52	7.95	5.30	308.34	306.88	308.83	313.45	362.99
6	Mechanical Engineering (74)	147.86	−1.1	22.22	8.47	5.64	149.45	149.57	151.42	153.62	183.29
8	Metals and Metal Forming (16)	151.90	−0.6	21.15	9.93	5.79	152.88	152.17	153.37	155.14	165.88
	CONSUMER GOODS										
11	(DURABLE) (52)	212.93	−0.9	17.36	5.53	7.15	214.90	214.62	215.10	217.76	205.68
12	Lt. Electronics, Radio, TV (15)	301.60	−1.3	13.43	4.14	9.54	305.64	305.62	305.15	307.81	249.85
13	Household Goods (14)	133.15	−0.6	22.55	8.00	5.40	133.92	133.41	134.56	136.80	178.79
14	Motors and Distributors (23)	101.84	—	25.79	8.33	4.64	101.82	101.44	102.46	104.55	124.85
	CONSUMER GOODS										
21	(NON-DURABLE) (170)	220.50	−0.8	17.90	6.50	6.95	222.33	219.88	221.90	224.73	205.53
22	Breweries (14)	271.13	−1.0	16.61	5.64	7.18	273.94	272.79	273.05	278.04	223.95
23	Wines and Spirits (6)	315.16	−0.2	17.63	5.82	7.01	315.75	310.70	311.93	313.60	268.87
24	Entertainment, Catering (17)	306.99	−1.6	16.17	6.04	8.07	311.93	306.33	310.93	310.36	257.75
25	Food Manufacturing (18)	201.86	−0.6	19.63	6.73	6.33	203.12	200.52	201.25	203.12	201.58
26	Food Retailing (15)	292.07	−0.6	13.45	4.44	8.92	293.91	288.46	290.30	293.72	219.71
32	Newspapers, Publishing (12)	402.64	−0.9	23.58	7.23	5.86	406.43	406.80	408.37	417.51	305.13
33	Packaging and Paper (15)	120.07	−1.3	24.59	9.36	5.24	121.60	120.71	122.66	124.75	135.63
34	Stores (41)	212.57	−0.5	14.05	5.14	9.33	213.62	212.04	214.19	216.68	193.97
35	Textiles (23)	143.01	−0.5	25.82	11.08	4.88	143.74	142.38	144.92	146.86	176.18
36	Tobaccos (3)	216.38	−1.6	26.34	10.28	4.29	219.94	216.37	220.34	226.91	226.97
37	Toys and Games (6)	58.93	−0.1	27.56	12.15	4.64	58.99	58.49	58.69	60.92	100.78
41	OTHER GROUPS (98)	191.74	−1.3	16.53	6.86	7.41	194.25	192.11	194.19	196.25	197.81
42	Chemicals (18)	271.29	−1.4	18.58	7.24	6.28	275.07	271.36	273.72	274.16	280.13
43	Pharmaceutical Products (7)	209.73	−3.6	12.46	5.81	9.73	217.50	212.21	214.97	214.47	248.13
44	Office Equipment (6)	108.67	−1.4	18.36	7.76	6.80	110.17	108.94	109.95	112.10	128.74
45	Shipping (10)	444.37	−1.4	11.94	7.11	10.69	450.64	447.28	450.92	457.92	414.71
46	Miscellaneous (57)	226.37	—	17.24	6.84	7.42	226.35	225.80	228.62	233.80	213.98
49	INDUSTRIAL GROUP (493)	219.64	−1.0	17.92	6.58	6.96	221.89	219.86	221.98	224.90	217.33
51	Oils (7)	737.88	−0.1	15.31	6.52	7.05	738.98	731.33	743.93	743.78	494.52
59	500 SHARE INDEX	260.60	−0.8	17.37	6.57	6.98	262.79	260.32	263.25	265.97	240.47
61	FINANCIAL GROUP (117)	180.08	−1.2	—	6.01	—	182.32	180.38	181.96	184.69	160.45
62	Banks (6)	208.72	−2.6	39.61	6.14	3.22	214.24	211.02	213.22	213.98	184.83
63	Discount Houses (10)	235.43	+0.4	—	8.38	—	234.57	235.20	236.10	235.64	205.66
64	Hire Purchase (5)	174.12	+0.1	20.36	5.80	6.22	174.01	172.92	171.95	175.34	147.68
65	Insurance (Life) (10)	148.15	−0.2	—	7.10	—	148.48	146.70	148.07	151.65	127.03
66	Insurance (Composite) (8)	118.09	−1.0	—	8.25	—	119.29	117.80	117.94	120.29	117.46
67	Insurance Brokers (10)	261.80	−0.6	19.86	7.46	7.50	262.98	259.79	262.11	267.58	218.56
68	Merchant Banks (14)	95.18	−1.0	—	6.28	—	96.14	95.36	95.36	96.65	78.68
69	Property (49)	334.30	−1.0	3.86	2.86	39.81	337.67	331.53	334.20	342.37	254.60
70	Miscellaneous (10)	118.10	—	16.08	7.60	8.09	118.10	118.78	119.03	120.16	106.33
71	Investment Trusts (109)	196.04	+0.3	—	5.94	—	195.57	194.88	195.19	205.97	204.87
81	Mining Finance (4)	140.16	+0.3	15.88	6.69	7.65	139.73	138.71	132.39	138.45	108.64
91	Overseas Traders (20)	327.98	+0.2	15.37	8.22	7.90	327.42	325.04	329.51	337.88	337.69
99	ALL-SHARE INDEX (750)	238.23	−0.8	—	6.47	—	240.13	237.77	240.36	243.21	224.89

FIXED INTEREST PRICE INDICES

	British Government	Tues., Oct. 30	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	103.12	−0.15	—	7.75
2	5-15 years	111.46	−0.26	—	9.16
3	Over 15 years	116.23	−0.39	—	12.82
4	Irredeemables	124.17	+0.21	—	13.32
5	All stocks	109.67	−0.28	—	9.68

FIXED INTEREST YIELDS

	British Govt. Av. Gross Red.		Tues., Oct. 30	Mon., Oct. 29	Year ago (approx.)
1	Low Coupons	5 years	11.30	11.21	9.27
2		15 years	11.92	11.77	11.12
3		25 years	11.89	11.76	11.36
4	Medium Coupons	5 years	13.09	13.07	11.12
5		15 years	13.57	13.82	12.36
6		25 years	13.32	13.23	12.56
7	High Coupons	5 years	13.57	13.43	12.33
8		15 years	13.92	13.50	12.94
9		25 years	13.47	13.35	12.58
10	Irredeemables		11.69	11.78	11.85

		Tues., Oct. 30 Index No.	Yield %	Mon. Oct. 29	Friday Oct. 26	Thurs. Oct. 25	Wed. Oct. 24	Tues. Oct. 23	Mon. Oct. 22	Friday Oct. 19	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	55.40	†13.89	55.50	55.61	55.62	55.53	55.79	55.64	55.87	58.16
16	Investment Trust Prefs. (15)	46.41	14.40	46.41	46.52	46.96	46.80	46.90	49.69	49.69	51.55
17	Coml. and Indl. Prefs. (20)	64.10	13.82	65.87	65.90	65.91	65.87	66.71	67.50	67.50	71.80

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	103.7	109.7	+0.4	3.22
Abbey Capital	34.7	36.4	-0.1	5.59
Abbey Income	40.6	43.4	----	8.51
Abbey Inv. Tst. Fund	33.9	36.2	+0.3	6.31
Abbey Gen. Trust	45.4	48.5	----	5.78
Equitas Prog. Trust	68.9	72.7	+0.1	5.11

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref	97.4	102.85	----	12.10

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	70.8	75.8	+0.2	6.38
Brit. Inds. Fund	68.8	73.6	----	5.52
Growth & Income	39.7	42.5	+0.1	5.65
Elect. & Ind. Dev.	35.9	38.4	+0.1	5.47
Allied Capital	71.8	76.8	----	5.34
Hambro Fund	113.9	121.9	+0.1	6.03
Hambro Acc. Fund	134.2	143.6	+0.1	5.61

Income Funds

High Yield Fd.	70.6	75.5	+0.2	9.06
High Income	66.6	71.3	+0.3	7.92
A.H. Eq. Inc.	39.7	42.5	----	8.12

International Funds

International	24.9	26.6	+0.1	3.02
Pacific Fund	37.0	39.6	----	2.35
Secs. Of America	53.2	56.9	+0.2	2.46

Specialist Funds

Smaller Co.'s Fd.	47.9	51.2	+0.1	4.70
2nd Smlr. Co's Fd.	56.5	60.5	+0.1	4.30
Recovery Sits.	109.8	117.5	-0.1	5.71
Met. Min. & C'dty.	47.2	50.5	+0.5	5.15
Overseas Earnings	55.7	59.6	----	5.54

Exempt Funds

Far East Exempt	44.6	46.4	+0.2	3.03
Smaller Co. Exempt	71.4	75.0	+0.7	4.89
U.S.A. Exempt	92.6	96.3	+0.5	3.63

Anderson Unit Trust Managers Ltd.

[illegible]

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Units	47.7	51.0	+0.1	4.99
Do. Accum.	64.0	68.4	+0.2	4.99

Funds in Court
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Oct. 25	105.9	107.0	----	5.42
Gross Inc. Oct. 25	77.2	78.1	----	9.09
High Yield Oct. 25	86.2	89.7	----	9.59

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	103.4	109.9	-0.7	3.90
Do. Acc.	128.5	136.6	-0.8	3.90
G.T. Inc. Fd. Un.	163.0	173.3	+1.7	9.50
G.T. U.S. & Gen.	127.6	135.7	----	3.10
G.T. Japan & Gen.	74.6	78.9	+0.8	2.90
G.T. Pens. Ex. Fd.	212.6	223.1	----	5.40
G.T. Int'l. Fund	147.8	157.2	+1.6	2.40
G.T. Four Yds. Fd.	51.3	54.5	----	8.20
G.T. Far East & Gen.	46.8	50.3	+0.2	2.70

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	34.4	36.8	----	5.24

Gartmore Fund Managers (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	22.8	24.5	+0.3	2.22
British Tst. (Acc.)	63.4	68.2	+0.5	4.08
Commodity Share	30.4	32.7	+0.1	3.45
Extra Income Tst.	23.0	24.8	----	9.50
Far East Trust	31.2	33.6	----	3.45
High Income Tst.	57.0	61.3	+0.2	9.64
Income Fund	74.5	80.1	+0.3	7.52
Ins. Agencies	£13.89	14.65	+0.16	4.88
Intl. Exempt Fd.	87.5	95.7	+0.4	7.47
Intl. Tst. (Acc.)	29.0	31.2	+0.1	1.65

Gibbs (Antony) Unit Tst. Mgs. Ltd. (n)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	27.5	29.9	----	10.70
Income	40.2	43.7	----	9.80

[illegible]

Mutual Unit Trust Managers (a)(g)
25 Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	52.4	55.7	+0.4	7.45
Mutual Inc. Tst.	74.0	79.0	+0.4	7.52
Mutual Blue Chip	45.2	48.7	+0.4	6.87
Mutual High Yld.	53.1	56.6	+0.4	9.96

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 8555.

Income Oct. 24	167.0	171.2	----	6.48
(Accum. Units)	237.2	246.0	----	6.48
Capt. Oct. 24	136.8	141.8	----	3.78
(Accum. Units)	170.4	176.6	----	3.78

National Provident Inv. Mngrs. Ltd.
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth. Un. Tst.	54.8	58.3	----	5.20
(Accum. Units)*	69.3	73.8	----	5.20
NPI O'seas. Trust	120.4	127.5	----	3.05
(Accum. Units)**	133.0	140.8	----	3.05

*Prices on Oct. 24. Next dealing Nov. 7.
**Prices on Oct 25. Next dealing Nov. 29.

National Westminster (a)
161, Cheapside, EC2V 6EU. 01-606 6060

Capital (Accum.)	71.1	76.4	+0.5	4.46
Extra Inc.	60.5	64.7	+0.1	9.76
Financial	33.6	36.1	+0.2	5.56
Growth Inv.	85.0	91.3	+0.3	5.43
Income	34.5	37.0	+0.2	7.99
Portfolio Inv. Fd.	71.5	74.8	-0.1	6.72
Universal Fd.	44.1	47.4	+0.7	2.89

NEL Trust Managers Ltd. (a)(g)
Milton Court, Dorking, Surrey. 5911

Nelstar	64.1	67.4	-0.3	5.68
Nelstar High Inc.	42.9	45.1	-0.1	8.20

Northgate Unit Trust Managers Ltd. (c)(y)
20, Moorgate, EC2R 6AQ 01-606 4477

Northgate Oct. 25	95.4	99.9	----	6.00
Northgate Acc. Oct. 25	95.4	99.9	----	6.00

Norwich Union Insurance Group (b)
P.O. Box 4, Norwich, NR1 3NG. 0603 22200

Group Tst. Fund	374.7	394.4	-1.3	5.49

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	24.8	26.7	+0.1	5.58
Accum Units	30.4	32.7	+0.1	5.58
Pearl Inc.	32.3	34.9	+0.1	7.95

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81	54	Barymin	59	......	—	—	—
$14\frac{1}{2}$	10	Burma Mines $17\frac{1}{2}$p	13	......	—	—	—
365	170	Cons. Murch. 10c.	285	-5	2030c	—	5.4
440	280	Northgate C$1	290	......	—	—	—
362	226	R.T.Z.	300	+4	†11.5	3.4	5.6
31	12	Robert Mines	17	+1	—	—	—
65	28	Sabina Inds. C$1.	32	+4	—	—	—
880	490	Tara Exptn. $1	500	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

" Recent Issues " and " Rights " Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	......	IRISH		
Bertam	16	......			
Bdg'wtr. Est. 50p	420	......	Conv. 9% '80/82	£86	......
Clover Croft	30	......	Nat. 9¾% 84/89	$£71\frac{1}{2}$	......
Craig & Rose £1	$£10\frac{1}{2}$	......	Fin. 13% 97/02	£79	......
Dyson (R. A.) A	25	......	Alliance Gas	65	......
Fife Forge	48	......	Arnott	395	......
Finlay Pkg. 5p	19	......	Carroll (P.J.)	55	......
Graig Ship. £1	725	......	Clondalkin	82	......

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday October 31 1979

France given a day to lift lamb curb

BY MARGARET VAN HATTEM

THE EEC Commission yesterday gave the French Government 24 hours to lift unequivocally its illegal curbs on imports of lamb.

Otherwise, said Mr. Finn Olav Gundelach, the EEC Farm Commissioner, the Commission would consider further legal action.

Mr. Gundelach, speaking at a meeting of EEC Farm Ministers in Luxembourg, said that by violating EEC rules on the free movement of goods, the French threatened to undermine one of the fundamental pillars of the Community.

If all other countries followed suit, the floodgates would open and major policies such as the Common Agricultural Policy would be thrown into chaos.

Mr. Peter Walker, UK Agriculture Minister, said it was now up to the Commission and the Council of Ministers to impose sanctions against the French. "If you belong to a club where someone is breaking the rules, then you see to it that that member no longer enjoys the club's privileges," he said.

However, although British officials claimed Mr. Gundelach had promised to seek from the European Court of Justice an interim injunction to stop the import curbs, he refused to confirm this. He declined to say whether the Commission could, or would, take direct action outside the European Court of Justice against the French, and spoke of an "improved atmosphere" within the Council of Ministers.

M. Pierre Mehaignerie, the French Farm Minister said his government had no plans to lift the ceiling on lamb imports from all sources from the present limit of 200 tonnes a week. However, he did not altogether rule out the possibility.

Inside the Council of Ministers, all other member countries came down heavily against the French on the legal question which, the Italians said, was no longer an Anglo-French dispute but a quarrel between France and the rest of the Community.

Even the Irish, who support French demands for a high level of protection for sheep farmers, insisted that an outright breach of the law could not be condoned.

However, in the current negotiations of Commission proposals to include lamb and mutton in the CAP, things were less clear-cut. Although France is isolated in insisting the two questions are linked, and that it cannot remove import controls until the lamb regime is agreed, ministers appeared ready to consider ways in which the French might be helped out of their predicament.

The French Government fears that a substantial inflow of cheap British lamb will wreak havoc on the domestic market, bankrupting many French sheep farmers unless they receive substantial help in the form of high price support or direct payments.

Mr. Walker, who has taken a hard line in these negotiations and insisted that aid to French farmers should come out of the French national budget, said later that he would consider a Community-funded scheme.

However, he added, this must not lift the overall level of EEC farm spending, and it must provide for an equal degree of support for British sheep farmers. When the other Community countries learned how much this would cost, they would never accept such a scheme, he said.

French farmers' protest, Page 2; World Trade News, 7

Belvoir coal plan meets determined opposition

BY JOHN LLOYD

THE NATIONAL Coal Board's biggest planned project, the new mine in the Vale of Belvoir in North East Leicestershire, ran into determined opposition yesterday on the first day of the public inquiry into the board's proposals.

The Ministry of Agriculture is among those opposed to important elements in which involves extracting 7m tonnes of coal a year over 70 years.

It was also made clear by the opposition groups when the inquiry opened at Stoke Rochford, near Grantham, that if permission to mine was granted, they would seek so many conditions and penalties on the development that it would be much more expensive than originally planned.

Most organisations and groups represented at the inquiry, including the Ministry of Agriculture, have opposed local tipping of coal waste and demanded that it be tipped in old clay quarries in Bedfordshire. The transport of the waste to these sites, more than 50 miles away, would add about £2 a tonne to the cost of the coal produced.

The British Waterways Board has estimated it would cost more than £20m to protect the 15-mile Grantham Canal against subsidence, or £10m if it were drained. The Board said that if mining were permitted the canal would probably be "eliminated."

Other groups demanded that the NCB be made to bear the costs of extra roads, housing and all other infrastructure needed by the development.

Leicestershire County Council, which is opposed to the plan, said it was imperative none of the cost of the development should appear on local rate bills.

The Alliance, which includes the National Farmers' Union, parish councils and local groups in the vale, said that when costs of the various safeguards demanded against noise, dirt and pollution, with housing and transport expenditure, were taken into account, "Vale of Belvoir coal would be the most costly coal ever produced."

The day was taken up with brief opening statements by the major interest groups and by the opening of the NCB's main case, expected to last some weeks.

Mr. Robert Alexander, QC, for the NCB, told the inquiry: "The position is simple and stark. Unless new capacity is developed, of which the production from this field is an essential element, the coal industry will decline."

The NCB was supported by the Central Electricity Generating Board, British Rail, and the National Union of Mineworkers, which is concerned about work for its 3,500 Leicester members working in pits which are near exhaustion.

Chrysler £17m loss in first half-year

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

CHRYSLER UK, now a subsidiary of Peugeot-Citroen of France, lost £17.43m in the first half of this year after a £20.2m loss overall last year. The strikes since the first half last year which halted all car assembly for two months, will "seriously affect the results for the full year," the company said yesterday.

Production is only now returning to normal after a 15-week pay strike at the Stoke engine plant, Coventry. Workers at the nearby Ryton assembly factory stopped work for 14 weeks.

The financial results are a severe blow for the UK operation which was taken over at the beginning of this year by the French group.

Mr. George Turnbull, Chrysler UK chairman, has the task of reaching the break-even point by next year and profitability by 1981.

The loss which Peugeot-Citroen has to bear is eased by the deal struck between the previous owner, Chrysler Corporation of the U.S., and the Labour Government in 1976. Under that agreement the American corporation and the British Government share equally any losses up to a total of £10m this year.

Chrysler Corporation and the Government contributed £15m to offset last year's losses. Announcing the results yesterday, Mr. Turnbull said last year's figures had been affected by the political troubles in Iran, with which Chrysler has an export order worth more than £100m a year.

UK sales and exports to other markets had shown "a satisfactory increase." Chrysler UK's car sales in this country last year were up 41 per cent on 1977, with commercial vehicles sales 10 per cent better.

The troubles in Iran were the principal cause of Chrysler's heavy loss in the first half. Work on the contract was at a standstill for several months, with hundreds of employees at the Stoke plant laid off or on short time.

In July, as production for the contract was picking up, the 3,100 Stoke workers walked out in pursuit of a 20 per cent pay claim. They returned last week without achieving any improvement in the company's 5½ per cent offer amid fears that continued action would cause the loss of the Iranian work.

Senior managers from Iran National, Chrysler's Iranian partner, have been visiting Continental manufacturers looking for alternative supplies.

The Ryton plant, which assembles the Alpine, must also demonstrate improved efficiency to convince Peugeot-Citroen that it should press ahead with plans to introduce a new model at the plant next year.

The Coventry disputes brought output to a standstill at Linwood, Scotland, which assembles the Avenger and Sunbeam models. The shortage of cars has hit Chrysler sales and its market share this month is likely to be little more than 5 per cent.

● The company, whose cars now carry the Talbot name, will change its name to Talbot Motor Company from January 1.

Left bid to regain AUEW leadership

BY NICK GARNETT, LABOUR STAFF

AN ATTEMPT by the Left to regain the presidency of the Amalgamated Union of Engineering Workers was signalled yesterday by an attack from Mr. Bob Wright, its Left-wing assistant general secretary, on union leadership in the recent national engineering dispute.

The leadership had failed to respond to the challenge of the dispute, said Mr. Wright. He accused the Confederation of Shipbuilding and Engineering Unions of an internal "conspiracy" to bring the dispute to an end on what were unsatisfactory terms. The dispute was led by Mr. Terry Duffy, the engineering union's Right-wing president.

Mr. Wright retained the post of assistant general secretary in a ballot vote, announced yesterday, which means he is secure in the post until he retires. This allows him more freedom to repeat if he so wishes the fight for the presidency which he lost against Mr. Duffy last year.

Mr. Wright said it would be up to the union's Left membership to decide if he should try to win the presidency. If they did, he would respond but it would have to be a full and determined campaign.

Nominations for the election are due in April next year, with the ballot in September. If a second ballot is needed this will be held in April 1981, with the new term of office starting in October of that year.

Mr. Duffy is in a strong position to retain the presidency, partly because he is the present office holder and because of the symbolic victory of securing a 39-hour week by 1981. This point is recognised by the Left. The shorter hours settlement has been widely viewed by trade unions as a major breakthrough.

Mr. Wright, however, said yesterday that the engineering dispute settlement was being widely attacked by union members for binding conditions over a four-year period.

The engineering union now needed "strong and resolute" leadership to face a number of major challenges, including some of the policies of the Government, Mr. Wright said.

In the Labour party, the present union executive was part of the old guard, hanging on to the centralised power "which I don't agree with."

In the elections, Mr. John Weakley, moderate divisional organiser for South Wales who took action in the High Court to retain the union's postal ballot system, was elected on to the executive.

Election results, Page 11

S. Africa takes stock of strategy

By Quentin Peel in Johannesburg

THE SOUTH AFRICAN Government has set up a top-level inquiry into its economic strategy in a bid to incorporate economic activity into the "total strategy" of Mr. P. W. Botha, the Prime Minister.

The inquiry, to be headed by Dr. Simon Brand, the economic adviser to the Prime Minister, is seen as a deliberate effort to involve private enterprise in the Government's new plans. It is being presented as an arm of the strategy devised by Mr. Botha's military advisers to meet what is seen as a "total onslaught" against South Africa.

The inquiry's top priority will be to try to find solutions for the fundamental structural problems stifling economic growth in South Africa, including those caused by the racial division in the country.

Areas for investigation already identified include develoment of the black homelands and bringing their subsistence economies into the ambit of the advanced urban economy: combating black unemployment and promoting labour-intensive investment: and reducing the role of the state and public corporations in the economy in favour of private enterprise.

The inquiry's establishment comes just before a conference of some 250 leading industrialists and businessmen, called by Mr. Botha, which is intended to involve private enterprise in the Government's proposed "constellation of states" in Southern Africa. The aim appears to be to use the predominant economic position of South Africa in the region to promote closer co-operation in all spheres, including the political.

Hua compares Thatcher with Winston Churchill

BY DAVID HOUSEGO

CHAIRMAN HUA GUOFENG, the Chinese leader, firmly linked Britain and China to a policy of opposition to the expansion of Russian power in a major speech he delivered in London last night.

Praising Mrs. Margaret Thatcher, he said: "Just as Winston Churchill exposed the ambitions of the Nazis, Prime Minister Thatcher has unequivocally identified the source of the war danger and called for effective counter-measures." He added: "We admire, Mrs. Thatcher, your political insight and frankness."

Chairman Hua clearly had in mind Mrs. Thatcher's recent Winston Churchill Memorial lecture in which she implicitly warned the Russians against attacking Western Europe. She said the price of that would be worse suffering for the Soviet Union than it exper[illegible]ed in the Second World Wa[illegible]

Adopting a more strident anti-Russian tone than he did in West Germany, Chairman Hua suggested that the Soviet Union posed a global threat. Wherever there is "hegemonist" expansion and aggression, he declared, whether in Europe, Africa or Asia, there can be no tranquillity. He was speaking at a dinner in his honour at Downing Street.

Mrs. Thatcher in her speech last night said that a mutual balance was essential for peace and stability between NATO and Warsaw Pact countries. Britain, she added, was committed to ensuring that balance was restored. And Britain would continue to seek areas of cooperation between Eastern and Western Europe.

Chairman Hua gave little hope to British industry for substantial orders for capital equipment in the near future. Speaking in the morning to Mr. John Nott, Secretary of State for Trade, and a party of British industrialists, he said that China's plans were not for the short term. It was necessary to think of economic development into the 1990s and 2000.

Richard Evans, Lobby Editor, writes: Chairman Hua yesterday invited Mr. James Callaghan, Opposition leader, to visit China next year.

Mr. Callaghan, accompanied by Mr. Denis Healey and Mr. Peter Shore, discussed bilateral relations and trade.

Picture, Page 14

Scottish agency loses £1.58m

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH Development Agency lost £1.58m last year on its company investments, a sector in which its activities are to be curtailed by new guidelines which the Government is completing.

The fourth annual report of the agency, published yesterday, shows that many businesses in which it has holdings turned from profit to loss in the last financial year.

Operating results of subsidiaries and associates turned round from a £572,000 surplus in 1977-78 to a £1.6m loss in 1978-79. After charges, provisions and a £191,000 gain from the sale of one company, there was an overall deficit of £1.58m on the investment account.

The SDA had been set the target of a 15 per cent return on capital employed by 1980-81.

In the last financial year the return was a negative 14.3 per cent. Even if the results of three companies involved in heavy capital expenditure were left out, the return was still only 5 per cent, a slight decline on the previous year's 5.92 per cent.

The Government is shortly to issue its new guidelines for the agency, which was set up by Labour in 1975. Its statutory duties have been amended under the Industry Bill, published last week.

The company investment side, which accounted for spending of only £5.5m last year, compared with £36.5m on factory building and £19.5m on land renewal, will be scaled down and probably separated from other activities in order to improve efficiency.

In the current financial year the agency expects to spend between £75m and £80m, some £10m less than it would have done without Government curbs. The savings will mainly be made in the factory building and environmental improvement programmes.

News Analysis, Page 9

Continued from Page 1

Chrysler

third quarter—its first quarterly loss since 1970—is, however, alerting people to the problems facing the motor industry as a whole, and focusing increasing attention on Chrysler.

Some officials at the company suggest that unless there is a significant revival in the car market, which has been depressed in spite of the introduction of new models, the company could, by the middle of December, be facing a negative cash flow.

It is believed to be examining the re-introduction of cash rebates to customers to try to stimulate sales and improve the cash position.

Clearly with this threat looming, an unwillingness by bankers to increase their lending poses a critical situation.

Continued from Page 1

Sterling falls

month interbank rates—a key influence on the cost of the banks' funds—rose again. At 14¾ per cent, rates are roughly a point higher than a week ago.

At this level, it is becoming attractive for large industrial groups to borrow from clearing banks and then re-lend to the money market at a profit. If this developed on a large scale the clearers would have to consider increasing their rates.

This upward pressure is also shown by a rise of ⅜ of a point since last week to 13⅞ per cent in the yield offered on local authority yearling bonds. *This is the highest rate since December 1976.*

The weakness of sterling and the gloomy CBI survey also affected the stock market where long-dated gilt-edged stock fell by up to £⅝ and the FT 30-share industrial ordinary index dropped by 7.7 to 439.1, more than cancelling out all the previous day's rise.

MOVEMENTS IN STERLING

Percentage change against since:—	July 26 (4 year high)	Oct. 23 (end of exchange controls)
Trade-weighted index	−10	−3.3
Dollar	−11.4	−3.7
D-mark	−11.8	−3.6
French fr.	−11.2	−3.6
Swiss fr.	−9.5	−3.2
Yen	−2.1	−1.9

THE LEX COLUMN

Prospectors' eyes on Gold Fields

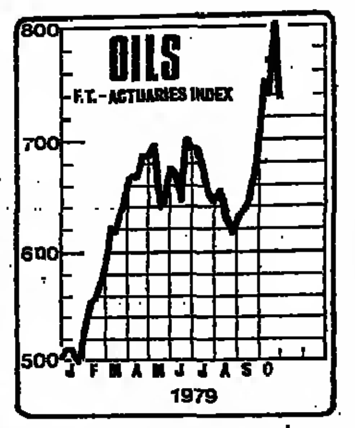
Although the Consolidated Gold Fields share price lost a few pence yesterday it was the third most actively traded stock and its price performance over the past month has raised quite a few eyebrows. During a period when the gold price has fallen from $400 to $379 and the FT Gold Mines Index has slumped by a quarter, Gold Fields' share price has risen by 11 per cent and the shares of Gold Fields of South Africa are up by nearly a fifth. Who is buying and why?

Consolidated Gold Fields had a very good year in 1978/79 boosting its net profits by 63 per cent. So far this year the average gold price has been very nearly 50 per cent higher and, provided the price does not collapse, the group could be capable of earnings 45p plus this year. At 305p, and *yielding a* historic 6.3 per cent, the shares look fairly valued.

However, it is hard to dismiss the recent activity in the shares as mere investment buying. From time to time there have been rumours that various parties ranging from Atlantic Richfield, through Mr. Daniel K. Ludwig, to South Africa's Afrikaaner financial establishment have had their eyes on Gold Fields.

Up to now no one has revealed their hand, but with 17 per cent of the Free World's gold production under its control the attractions of Gold Fields are obvious enough. In addition, after its historically patchy record and successive rights issues the group cannot rely on solid shareholder support if a predator does appear. However, the recent activity in the shares smacks more of someone buying a strategic stake than of a full-scale takeover bidder.

Index fell 7.7 to 439.1



reserves in the T block are ne[illegible] the mark—some guesses excee[illegible] 1bn barrels — Oil Ex share holders are being bought o[illegible] quite cheaply. But they wi[illegible] retain equity in a group that similar to Oil Ex itself, a very highly geared to mov[illegible] mants in the oil price.

Harrisons & Crosfield

Frustratingly for Harrison[illegible] and Crosfield's shareholders, th[illegible] plantation boom has not bee[illegible] translated into a significant ri[illegible] in earnings per share in the fir[illegible] half-year. Plantation profits ha[illegible] risen 33 per cent but earning[illegible] per share only a bare 2 p[illegible] cent. Industrial troubles an[illegible] the winter weather hit UK profits, and a higher tax charg[illegible] reflects unrelieved ACT.

The trading performanc[illegible] however, is overshadowed t[illegible] the group's strategic manoeuv[illegible] ings. H and C announced o[illegible] Monday that its offer for Park[illegible] Timber has gone unconditiona[illegible] And earlier this month it c[illegible] cluded the purchase of t[illegible] chroma chemicals business PPG Industries Inc. After secu[illegible] ing its control of the plantatio[illegible] company satellites in 1977 a[illegible] 1978, H and C has start[illegible] expanding its other divisions fast as it can. It claims this all a matter of restoring t[illegible] balance of the business, but t[illegible] more important motive may w[illegible] be to make the group too b[illegible] and diverse for potenti[illegible] predators.

Now capitalised at £30[illegible] (pre-Parker) H and C seems be successfully handing off porate attackers. But ther[illegible] still the political aspec[illegible] nc[illegible] tentions for the Malaysianis[illegible] of its estates have been drag[illegible] on for two years with the gro[illegible] and the government e[illegible] reported to be taking a tou[illegible] stand.

Decca

Speculative holders of Decc[illegible] shares looking forward to bi[illegible] of a bid at yesterday's annu[illegible] meeting were disappointed. T[illegible] announcement that the grou[illegible] arranging to sell its record a[illegible] music business to PolyGra[illegible] rather suggests that is putting its own house in orde[illegible] without waiting for a purchase[illegible] Together with around £20[illegible] of compensation from U.S patent infringement, the pr[illegible] ceeds from the music sale perhaps £10m or so—will redu[illegible] Decca's debt significantly. Bu[illegible] its severe cash flow defici[illegible] £15m in 1978-79—is probabl[illegible] continuing. The main hope fo[illegible] the bulls of Decca is that th[illegible] disposal may make the grou[illegible] more attractive to potentia[illegible] bidders.

At the halfway stage pre-tax profits are 25 per cent better at £50.1m and something just over £100m for the full year is looking probable. On the conservative assumption of a total net dividend of 10p a share the yield at 163p is 9 per cent, and even on a fully taxed basis the prospective p/e is under 4. Of course profits are likely to come under pressure next year, especially in the UK once the advertising boom fades away. But to put it mildly, the shares are defensively priced.

Lasmo Oil Ex

Considering that the valuation of undeveloped oilfields is a highly imprecise and speculative business, Lasmo and Oil Exploration have had remarkably little difficulty in agreeing merger terms. Oil Ex shareholders are being offered 19 Lasmo ordinary shares for every 10 Oil Ex, and half the new Lasmo shares are underwritten for 255p cash.

Shareholders on both sides have some scope to quibble about the deal. Investors in Lasmo ordinary shares — as against the oil production stock — are likely to find that the maiden dividend for which they have waited for so long will be smaller than it would otherwise have been.

The deal removes any possibility that Lasmo might wind itself up as its principal asset, the Ninian Field holding, gradually becomes exhausted. But Lasmo did make it clear when it offered shares in 1977 that it wished to stay in the oil exploration business, while the development costs of Oil Ex's interest will allow corporation tax on Ninian to be deferred.

Equally, if the more optimistic estimates of oil

Reed International

Reed International completed its degearing programme nicely in time to avoid this year's sharp upturn in interest rates. So second-quarter finance costs have dropped by £4.8m to just £2.8m, and profits before tax have risen by £5m to £23.6m. Precise comparisons with last year are made tricky by the erratic impact of special provisions, including a £5m South African write-off at the halfway stage a year ago—later reclassified in the full accounts as an extra-ordinary item — and UK closure costs of some £13m at the year-end. But on an underlying basis it seems that UK trading profits are slightly ahead after six months, and the remaining overseas businesses, including Reed Paper in Canada, are usefully better.

Weather

UK TODAY

London, S.E. England and E. Anglia

Rain at first. Brighter with scattered showers later. Max. 12C (54F).

S.W., Cent. S. and E. England and E. Midlands

Cloudy with light rain. Brighter later. Max. 12C (54F).

W. Midlands, Cent. N. and N.E. England and S.E. Scotland

Sunny intervals and scattered showers. Max. 11C (52F).

Wales, N.W. England and Isle of Man

Blustery showers. Bright intervals. Max. 11C (52F).

E. and N.E. Scotland, Orkney and Shetland

Showers Some sunny intervals. Max. 9C (48F).

S.W. and N.W. Scotland and Ulster

Showers or longer periods of rain, perhaps with hail and thunder. Max. 10C (50F).

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	17	63	Locarno	S	19	66
Algiers	C	16	61	London	R	11	52
Amsdm.	C	10	50	Luxmbg.	F	8	46
Athens	R	21	70	Madrid	F	16	61
Bahrain	S	30	86	Majorca	F	17	63
Barclna.	S	17	63	Malaga	S	21	70
Beirut	S	27	81	M'chstr.	C	11	52
Belfast	C	12	54	Melbne.	S	15	59
Belgrd.	F	13	55	Mex. C.	C	20	67
Berlin	Sl	1	34	Milan	F	12	54
Biarritz	C	12	54	Mntreal.	C	7	44
Bmghm.	C	10	50	Mosc'w	Sn	−7	19
Blackpl.	C	12	54	Munich	C	6	43
Bordx.	F	14	57	Nairobi	S	23	74
Boulgn.	C	10	50	Naples	R	15	59
Bristol	C	13	55	Nwcstl.	C	7	45
Brussels	F	12	54	N. York	S	11	53
Budpst.	R	6	43	Nice	S	20	68
B. Aires	S	21	70	Nicosia	S	26	79
Cairo	S	33	94	Oporto	S	16	61
Cardiff	C	14	57	Oslo	Sn	1	34
Cas'b'ca	F	19	66	Paris	S	12	54
Cape T.	S	20	68	Perth	F	25	79
Chicago	S	16	59	Prague	C	5	41
Cologne	C	8	46	Reykjvk.	C	2	36
Cpnhgn.	C	5	41	Rhodes	F	24	75
Dublin	C	14	57	Rio J'o	S	26	80
Dbrvnk.	C	18	64	Rome	C	17	63
Ednbgh.	R	11	52	Salzbg.	R	7	45
Faro	S	19	66	Singapr.	R	28	84
Florence	C	12	54	Stckhm.	C	1	34
Frankft.	C	8	46	Strasbg.	C	9	48
Funchal	F	21	70	Sydney	C	19	66
Geneva	C	10	50	Tehran	S	19	66
Gibrltr.	S	20	68	Tel Aviv	S	32	90
Glasgow	R	12	54	Tenerife	C	18	64
Helsinki	F	22	72	Tokyo	S	22	72
H. Kong	S	26	80	Toronto	C	6	42
Innsbrk.	C	9	48	Tunis	F	19	66
Invrnss.	C	11	52	Valencia	S	20	68
I.o.Man	R	14	57	Venice	R	14	57
Jersey	R	11	52	Vienna	C	6	43
Jo'burg	S	23	73	Warsaw	C	1	34
L. Plms.	C	23	73	Zurich	C	9	48
Lisbon	S	18	64				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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